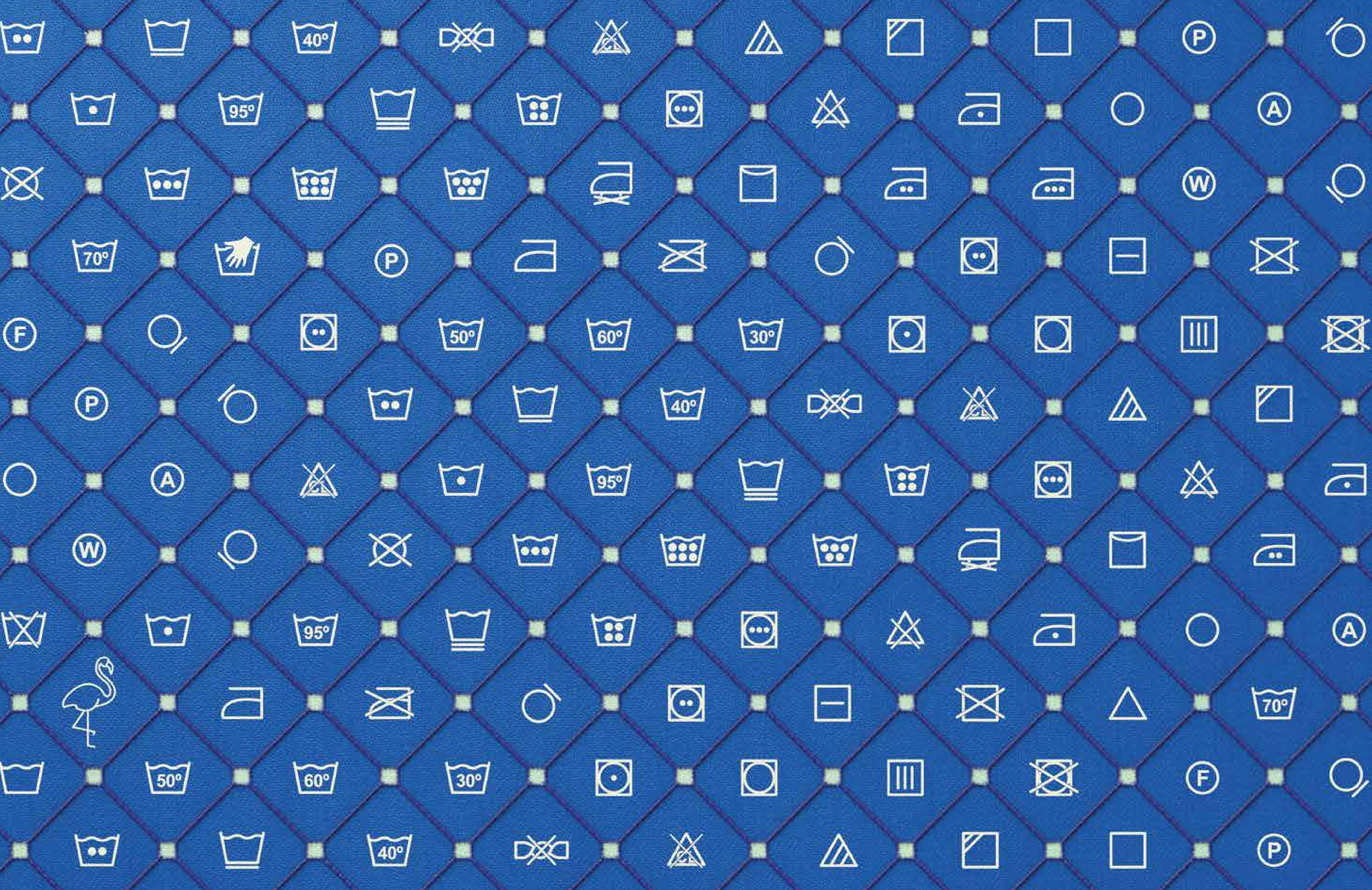
Annual Report & Accounts

2017/18

30 YEARS of Caring



CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements. These forward-looking statements include matters that are not historical facts or are statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Company operates. Forward-looking statements are based on the information available to the Directors at the time of preparation of this document, and will not be updated during the year. The Directors can give no assurance that these expectations will prove to be correct. Due to inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements.

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Registered Office:	The Ugly Brown Building, 6a St. Pancras Way, London NW1 0TB
Company Secretary:	Charles Anderson ACMA
Financial Advisers and Sponsor:	Liberum Capital Limited, 25 Ropemaker St, London EC2Y 9LY
Auditors:	KPMG LLP, 15 Canada Square, Canary Wharf, London E14 5GL
Bankers:	Barclays Bank Plc, 1 Churchill Place, London E14 5HP
	The Royal Bank of Scotland Plc, 62-63 Threadneedle Street, London EC2R 8LA
	HSBC Bank Plc, 8 Canada Square, Canary Wharf, London E14 5HQ
Registrars:	Link Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Ted Baker Plc - Registered in England No: 03393836

DISTRIBUTION CHANNELS

Ted carefully manages distribution through three main channels:

RETAIL

£442.5m

(10.4% INCREASE)

WHOLESALE

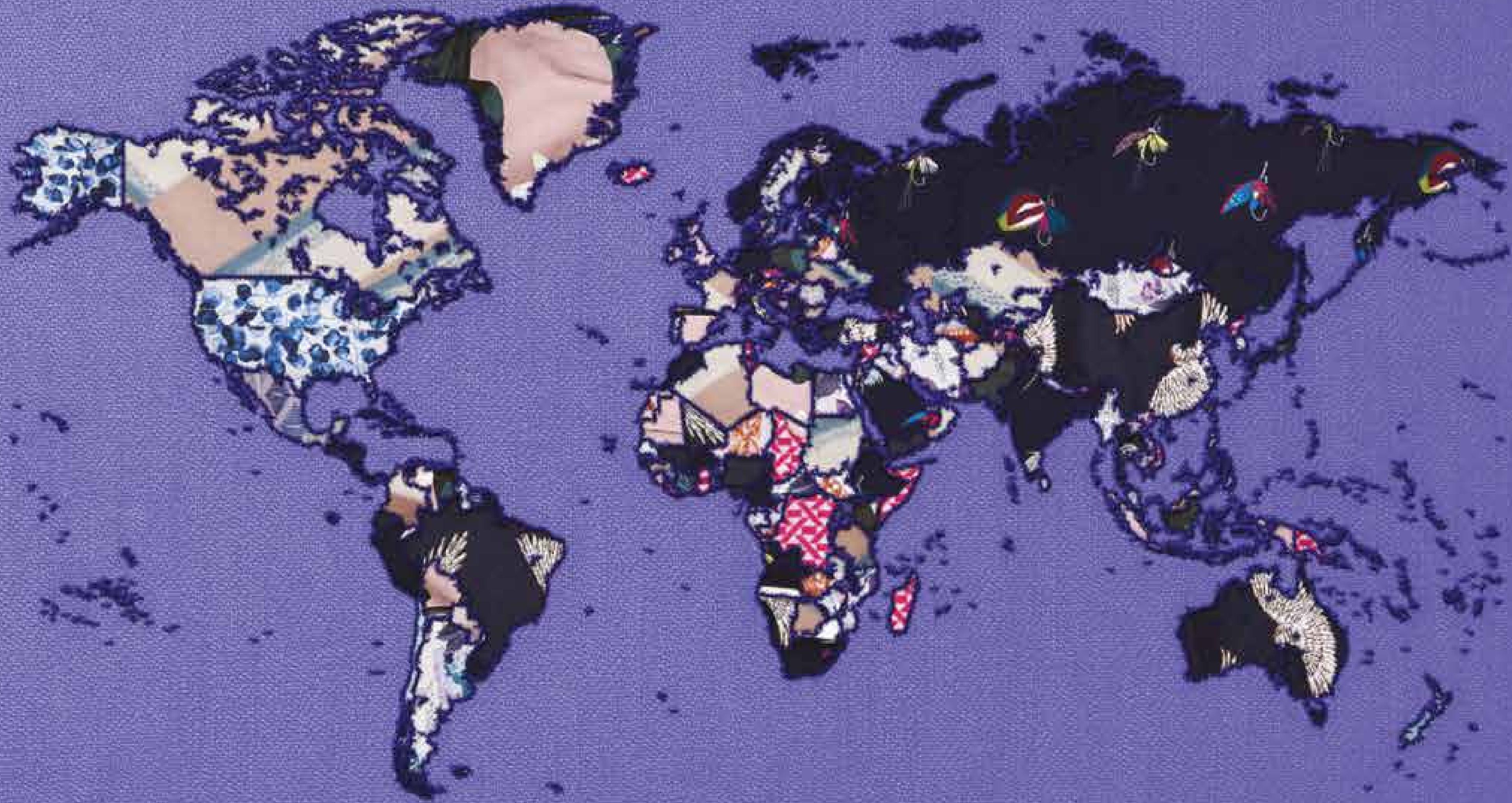
£149.2m

(14.6% INCREASE)

LICENSING

£21.4m

(17.6% INCREASE)



UK AND EUROPE

41 STORES*

252 CONCESSIONS
15 OUTLETS

NORTH AMERICA

54 STORES*

61 CONCESSIONS
12 OUTLETS

ASIA

34 STORES*

14 CONCESSIONS
2 OUTLETS

AFRICA

4 STORES*

MIDDLE EAST

34 STORES*

AUSTRALASIA

9 STORES*

...AND WHOLESALE AND LICENSING RELATIONSHIPS IN OVER 35 COUNTRIES ACROSS THE GLOBE.

*Store numbers include licence partner stores.

CHAIRMAN'S STATEMENT

I am pleased to report that Group revenue increased by 11.4% (9.6% in constant currency)[1] to £591.7m (2017: £531.0m) and profit before tax and exceptional items[2] increased by 11.7% to £73.5m (2017: £65.8m) for the 52 weeks ended 27 January 2018 (the "period"). Profit before tax increased by 12.3% to £68.8m (2017: £61.3m). This good performance reflects the strength of the Ted Baker brand and business model and was achieved despite a backdrop of on-going challenging external factors across our global markets.

The retail channel performed well, with retail sales including e-commerce up 10.4% (8.5% in constant currency)[1] to £442.5m (2017: £400.7m) on an increase in average square footage of 5.9%. Our e-commerce business is an integral and increasingly important component within our retail proposition and has performed very well, delivering strong sales growth of 39.8% (38.7% in constant currency)[1] to £101.1m (2017: £72.3m). We continued our controlled geographic expansion with openings across the UK and Europe, North America and the Rest of the World and we continue to invest and build brand awareness in our newer markets for the long-term development of the brand.

The wholesale channel delivered a strong performance, with sales up 14.6% (13.3% in constant currency)[1] to £149.2m (2017: £130.3m). This reflects a good performance from our UK wholesale business, which includes the supply of goods to our licensed stores and our export business, as well as a strong performance from our North American wholesale business.

Licence income delivered strong growth of 17.6% to £21.4m (2017: £18.2m). During the period, our licence partners opened further stores and concessions in Australia, Dubai, Indonesia, Kuwait, Lebanon, Mexico, Qatar, Saudi Arabia and Turkey.

In May 2017, we launched the next phase of the Microsoft Dynamics AX system across our UK and European businesses to fully support our retail, e-commerce and wholesale channels. We anticipate completing the final phases of this project towards the end of this year, and this will allow us to continue to enhance efficiency, streamline our operations and support the development of the business.

We have now successfully completed the transition from our three legacy distribution centres to our single European distribution centre in the UK. The new distribution centre now handles all logistic operations for our retail, e-commerce and wholesale businesses across the UK and Europe, supporting our long-term growth strategy. In September 2017, we successfully assigned the leases for our three UK legacy distribution centres to third parties.

The Group continues to consider its expansion and development plans for The Ugly Brown Building and has decided not to exercise the option to purchase 50% of neighbouring Block A, as future capacity requirements will be accommodated within our enhanced plans for the current site.

FINANCIAL RESULTS

Group revenue for the period increased by 11.4% (9.6% in constant currency)[1] to £591.7m (2017: £531.0m). The Group gross margin remained constant at 61.0% (2017: 61.0%). This was a result of an increased retail margin driven by an improved full price sell-through and change in mix of full price and outlet sales, offset by a decrease in the wholesale margin, reflecting a prior-year foreign exchange benefit that was not expected to re-occur and a greater proportion of wholesale sales to our territorial licence partners which carry a lower margin.

Profit before tax and exceptional items[2] increased by 11.7% to £73.5m (2017: £65.8m) and profit before tax increased by 12.3% to £68.8m (2017: £61.3m). Adjusted basic earnings per share, which excludes exceptional items, increased by 12.0% to 127.7p (2017: 114.0p) and basic earnings per share increased by 12.6% to 119.0p (2017: 105.7p).

Exceptional items in the period amounted to £4.7m (2017: £4.5m) and comprised the impairment of retail assets, relating to three stores in the US and one store in Europe of £4.5m, and restructuring costs of £1.3m, partially offset by income of £1.1m related to the release of provisions against the Group's legacy warehouses following assignment of the leases. Exceptional items in the 52 weeks ended 28 January 2017 of £4.5m included a provision for lease commitments relating to the Group's legacy warehouses of £2.9m along with £0.7m of other closure costs and £0.9m in respect of closure costs for a concept store in London.

The Group's net borrowing position at the end of the period was £111.8m (2017: £95.2m) being the secured term loan of £52.5m (2017: £58.5m) used to purchase The Ugly Brown Building and other net debt of £59.3m (2017: £36.7m). The increase in other net debt primarily reflects the ongoing capital expenditure during the period and increased working capital.

DIVIDENDS

Reflecting the Group's continued good performance and the Board's confidence in the outlook, the Board is recommending a final dividend of 43.5p per share (2017: 38.8p), making a total for the period of 60.1p per share (2017: 53.6p per share), an increase of 12.1% on the prior period. Subject to approval by shareholders at the Annual General Meeting to be held on 12 June 2018, the final dividend will be paid on 22 June 2018 to shareholders on the register on 18 May 2018.

PEOPLE

I would like to take this opportunity to thank all of my colleagues across the world for their continued hard work and commitment. The performance in the period is testament to our talented teams, whose skill and passion are key to our success as we continue to grow the business and develop Ted Baker as a global lifestyle brand.

CURRENT TRADING AND OUTLOOK

RETAIL

In the UK and Europe, we have opened a new store in London Luton Airport and plan to open new stores in Barcelona Airport and London Bridge station, an outlet in Lyon and our first outlet in Neumunster, Germany, along with further concessions in the UK, France, Germany and Spain. We will continue to invest in our e-commerce sites to enhance the customer experience.

In North America, we will continue to develop our presence with plans to open stores in Austin and Orlando, along with further licence partner concessions in Mexico.

In the Rest of the World, we remain focused on building brand awareness, as we are still in the relatively early stages of investment. In line with our development strategy in this territory, we plan to open a further concession in Japan.

WHOLESALE

We anticipate further growth across our wholesale businesses, which should result in high single-digit sales growth (in constant currency)[1] in the coming period.

LICENCE INCOME

Our product and territorial licences continue to perform well. We have opened a store in India, with further store openings planned in Egypt, India, Indonesia, Kazakhstan, Saudi Arabia, Singapore and Thailand.

GROUP

The recent unseasonal weather across Europe and the East Coast of America has had an impact on the early part of trading for Spring/Summer and we anticipate that external trading conditions will remain challenging across many of our global markets. However, the new season collections have been well received and the strength of our brand and business model means that we remain well positioned to continue the Group's momentum and long-term development. We have a clear strategy for the continued expansion of Ted Baker as a global lifestyle brand across both established and newer markets. This is underpinned by our controlled distribution across channels as well as the design, quality and attention to detail that are central to everything we do.

To deliver our expansion plans, capital expenditure in the new financial period is planned to be at £30.0m (2018: £36.6m). This relates to further store openings and refurbishments, and the ongoing investment in new IT systems across the business.

We intend to make our trading statement covering trading from the start of the financial period in mid-June 2018.

David Bernstein CBE
Non-Executive Chairman
22 March 2018

NOTES:

[1] Constant currency comparatives are obtained by applying the exchange rates that were applicable for the 52 weeks ended 28 January 2017 to the financial results in overseas subsidiaries for the 52 weeks ended 27 January 2018 to remove the impact of exchange rate fluctuations.
[2] Profit before tax and exceptional items is a non-GAAP measure. For further information about this measure, and the reasons why we believe it is important for an understanding of the performance of the business, please refer to page 18 in the Financial Review, and Note 1(x) and Note 3 of the Financial Statements.
The Directors believe these measures provide a consistent and comparable view of the underlying performance of the Group's ongoing business.

BUSINESS MODEL AND STRATEGY

Ted Baker has grown steadily from its origins as a specialist shirt store in Glasgow to the global lifestyle brand it is today. In order to protect the ethos and persona for which we have gained an enviable reputation, we always ask ourselves the question: “Would Ted do it that way?”

PRODUCT

Ted Baker is a quintessentially British brand with a quirky yet commercial fashion offering that prides itself in always being able to satisfy the needs of our customer. Our approach is focused on unwavering attention to detail and firm commitment to quality.

We offer a wide range of collections including Menswear; Womenswear; Global; Phormal; Endurance; Accessories; Bedding; Childrenswear; Crockery; Eyewear; Footwear; Fragrance and Skinwear; Gifting and Stationery; Jewellery; Lingerie and Sleepwear; Luggage; Neckwear; Rugs; Suiting; Technical Accessories; Tiles; and Watches.

The menswear collection is a reflection of popular contemporary culture, with a sense of humour and style mixed in. It also includes our Phormalwear range, offering a number of distinctive suiting collections that combine heritage British tailoring with a modern outlook. The womenswear collection is a fresh and feminine mix of European elegance with London flair, and is a celebration of beauty, individuality and exquisite attention to detail.

DISTRIBUTION CHANNELS

The brand operates through three main distribution channels: retail, which includes e-commerce; wholesale; and licensing, which includes territorial and product licences. We want our customers to enjoy a seamless experience regardless of how they choose to shop and interact with the brand.

The retail channel comprises stores, concessions and e-commerce, which is now an integral part of our retail experience. We operate stores and concessions across the UK, Europe, North America and Asia, and localised e-commerce sites for the UK, Europe, US, Canada and Australia. We also have e-commerce businesses with some of our concession partners.

Stores and concessions are designed to showcase the brand’s unique style of retail theatre and to ensure our customers enjoy a welcoming and pleasurable shopping experience. Each store boasts a fully bespoke design that is full of innovative and distinctive touches.

E-commerce enables us to offer our customers access to an extended product range and provides us with a means to talk directly with our customers and engage them with the brand in non-traditional ways. We focus on ensuring that we provide a user-friendly online brand and shopping experience across multiple devices.

The wholesale business in the UK serves countries across the world, primarily in the UK and Europe, as well as supplying products to stores operated by our territorial licence partners. In addition, we operate a wholesale business in North America serving the US and Canada. Our wholesale partners (“Trustees”) are custodians of our collections and uphold our brand integrity by ensuring that their retail environment and brand adjacencies are in keeping with the profile and positioning of the brand. We have built up strong relationships with some of the best independent retailers and department stores around the world.

We operate both territorial and product licences. Our licence partners are all experts in their field and share our passion for unwavering attention to detail and firm commitment to quality.

Territorial licences cover specific countries or regions in Asia, Australasia, Europe, the Middle East and North America, where our partners operate licensed retail stores and, in some territories, wholesale operations.

Product licences cover Bedding; Childrenswear; Crockery; Eyewear; Footwear; Fragrance and Skinwear; Gifting and Stationery; Jewellery; Lingerie and Sleepwear; Luggage; Neckwear; Rugs; Suiting; Technical Accessories; Tiles; and Watches.

GEOGRAPHIC REACH

Ted Baker is a truly global lifestyle brand with 532 stores and concessions worldwide, comprised of 195 in the UK, 113 in Europe, 127 in North America, 88 in the Middle East, Africa and Asia, and 9 in Australasia.

The Group opened its first shop in the UK in Glasgow in 1988 and has since established itself in all the major fashion destinations in the UK. We have also built a growing presence in Europe with stores and concessions in Belgium, France, Germany, Ireland, the Netherlands, Portugal, and Spain. Our e-commerce and wholesale businesses complement our locations in Europe.

In 1998, the Group opened its first store in North America in New York. Since then, the Group has established a presence across the US from the East to West Coasts and into Canada through both own stores and concessions. In addition, the Group has a standalone e-commerce site in North America that

is localised to each of Canada and the US, and a fast-growing wholesale business.

As part of our strategy to invest for the longer-term development of the brand, we have launched the brand in Asia with stores and concessions in China, Hong Kong and Japan. We also understand the growing desire of our customers to buy our products online and trade on renowned local websites in this region.

Through our territorial licences we also trade in many other countries across Africa, Asia, Australasia and the Middle East.

STRATEGY

Our strategy is to enhance our position as a leading global lifestyle brand by the continuous development of three main elements of our business model:

- considered extension of the Ted Baker collections to achieve our brand growth potential. We review our collections continually to ensure we anticipate and react to trends and meet our customers’ expectations. In addition, we look for opportunities to extend the breadth of collections and enhance our offer;
- controlled distribution through three main channels: retail (including e-commerce); wholesale; and licensing. We consider each new opportunity to ensure it is right for the brand and will deliver margin led growth; and
- further international growth through carefully managed development of overseas markets. We continue to manage growth in existing territories while considering new territories for expansion.

Underlying our strategy is an emphasis on design, product quality and attention to detail, delivered by the passion, commitment and skill of our teams, licence partners and wholesale customers.

KEY PERFORMANCE INDICATORS

We review the ongoing performance of the business using key performance indicators.

The Key Performance Indicators ("KPI's") that the Directors judge to be most effective in assessing progress against the Group's objectives and strategy have been detailed below and are considered throughout the Strategic Report.

	KEY PERFORMANCE INDICATOR	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017	VARIANCE	CONSTANT CURRENCY VARIANCE[1]
Group	Revenue	£591.7m	£531.0m	11.4%	9.6%
	Gross margin	61.0%	61.0%	-	
	Operating contribution (excluding exceptional items) %[2]	12.7%	12.6%	10 bps	
	Operating contribution (including exceptional items) %[2]	12.0%	11.8%	20 bps	
	Profit before tax (excluding exceptional items) as a % of revenue[2]	12.4%	12.4%	-	
	Profit before tax (including exceptional items) as a % of revenue[2]	11.6%	11.5%	10 bps	
Retail	Total revenue	£442.5m	£400.7m	10.4%	8.5%
	Store revenue	£341.4m	£328.4m	4.0%	1.8%
	E-commerce revenue	£101.1m	£72.3m	39.8%	38.7%
	Gross margin	67.0%	66.1%	90 bps	
	Average square footage[3]	410,190	387,373	5.9%	
	Closing square footage[3]	420,158	395,088	6.3%	
	Sales per square foot excluding e-commerce sales	£832	£848	(1.9%)	(3.9%)
Wholesale	Revenue	£149.2m	£130.3m	14.6%	13.3%
	Gross margin	43.3%	45.1%	(180 bps)	
Licence income	Revenue	£21.4m	£18.2m	17.6%	
Group	Operating cashflow per share[4]	98.4p	118.4p	(16.9%)	
	Working capital[5]	£168.6m	£136.8m	23.3%	

[1] Constant currency comparatives are obtained by applying the exchange rates that were applicable for the 52 weeks ended 28 January 2017 to the financial results in overseas subsidiaries for the 52 weeks ended 27 January 2018 to remove the impact of exchange rate fluctuations.
[2] Operating contribution is defined as operating profit as a percentage of revenue. For information about exceptional items please refer to page 18 in the Financial Review and Note 1(x) and Note 3 of the Financial Statements.
[3] Excludes licensed partner stores.
[4] Operating cashflow per share is defined as net cash generated from operating activities divided by the weighted number of ordinary shares (diluted).
[5] Working capital comprises inventories, trade and other receivables and trade and other payables.

BUSINESS REVIEW

DISTRIBUTION CHANNELS
The brand operates through three main distribution channels: retail, which includes e-commerce; wholesale; and licensing, which includes territorial and product licences. As part of our strategy we look to further develop each of these routes to market, while ensuring the controlled distribution of our product.

RETAIL
Our retail channel comprises stores, concessions and e-commerce, which is now an integral part of our retail experience. We operate stores and concessions across the UK, Europe, North America and the Rest of the World, and localised e-commerce sites for the UK, Europe, the US, Canada and Australia. We also have e-commerce businesses with some of our concession partners. Our unique stores showcase the Ted Baker brand and are key to the growth and success of our e-commerce business. Our relatively low number of own stores and higher number of concession locations allows us to maintain a flexible store business model.

The retail division performed well, with sales up 10.4% (8.5% in constant currency)[1] to £442.5m (2017: £400.7m) despite a challenging trading environment across some of our global markets. The growth was driven by continued investment across the retail channel in new and existing stores and our e-commerce platform. We are particularly pleased with our strong e-commerce performance, where sales grew by 39.8% (38.7% in constant currency)[1] to £101.1m (2017: £72.3m) and represented 22.8% (2017: 18.0%) of our total retail sales.

The growth in retail sales (including e-commerce) of 10.4% (8.5% in constant currency)[1] exceeded the increase in average retail square footage of 5.9% to 410,190 sq ft (2017: 387,373 sq ft). Retail sales per square foot (excluding e-commerce) decreased 1.9% (decrease of 3.9% in constant currency)[1] to £832 (2017: £848) demonstrating the changing customer behaviour with customers shopping both online and in store.

The retail gross margin increased to 67.0% (2017: 66.1%), reflecting a change in mix between full price and outlet sales and also an improved full price sell-through in our retail channel.

Retail operating costs increased 10.8% (8.6% in constant currency)[1] to £225.2m (2017: £203.3m) and as a percentage of retail sales, slightly increased to 50.9% (2017: 50.7%) due to investment in online marketing costs to increase awareness of local e-commerce sites offset by the decrease in dual running costs associated with the transition to our new single European distribution centre.

WHOLESALE
Our wholesale business in the UK serves countries across the world, primarily in the UK and Europe, as well as supplying products to stores operated by our territorial licence partners. In addition, we operate a wholesale business in North America serving the US and Canada.

Group wholesale sales increased by 14.6% (13.3% in constant currency)[1] to £149.2m (2017: £130.3m), reflecting a good performance from our UK wholesale business, with sales increasing by 9.3% to £94.1m (2017: £86.1m), and a strong performance from our North American wholesale business, with sales increasing by 24.7% (21.0% in constant currency)[1] to £55.1m (2017: £44.2m).

The wholesale gross margin decreased to 43.3% (2017: 45.1%), reflecting a prior-year foreign exchange benefit that was not expected to re-occur and a greater proportion of sales to our territorial licence partners, which carry a lower margin.

COLLECTIONS
Ted Baker Menswear performed well with sales up 10.1% to £249.7m (2017: £226.7m). Menswear represented 42.2% of total sales in the period (2017: 42.7%). Ted Baker Womenswear delivered a good performance with sales up 12.4% to £342.0m (2017: £304.3m). Womenswear represented 57.8% of total sales (2017: 57.3%). The growth in the womenswear mix was driven by allocation of space as well as the increased proportion of e-commerce sales where we experience a higher percentage of womenswear sales.

LICENCE INCOME
We operate both territorial and product licences. Our licence partners are carefully selected as experts in their field and share our passion for unwavering attention to detail and firm commitment to quality.

Both territorial and product licences delivered good performances, with licence income up 17.6% to £21.4m (2017: £18.2m). There were notable performances from our product licensees in Childrenswear, Eyewear, Skinwear and Suiting.

In the second half of the period, we transitioned our retail operations in South Korea to a distributor with the knowledge and experience to drive growth locally.

GEOGRAPHIC PERFORMANCE

UNITED KINGDOM AND EUROPE

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017	VARIANCE	CONSTANT CURRENCY VARIANCE[1]
Total retail revenue*	£301.1m	£279.5m	7.7%	6.4%
Store revenue*	£218.6m	£218.4m	0.1%	(1.4%)
E-commerce revenue	£82.5m	£61.1m	35.0%	34.7%
Average square footage*	257,367	246,826	4.3%	
Closing square footage*	261,261	250,624	4.2%	
Sales per square foot including e-commerce sales	£1,170	£1,132	3.4%	2.2%
Sales per square foot excluding e-commerce sales	£849	£885	(4.1%)	(5.5%)
Wholesale revenue	£94.1m	£86.1m	9.3%	
Own stores	37	36	1	
Concessions	252	237	15	
Outlets	15	14	1	
Partner stores	4	3	1	
Total	308	290	18	

* Excludes licensed partner stores.

Retail sales in UK and Europe increased by 7.7% (6.4% in constant currency)[1] to £301.1m (2017: £279.5m) (6.4% in constant currency)[1] despite ongoing challenging trading conditions.

Our e-commerce business performed very well during the period with sales increasing by 35.0% to £82.5m (2017: £61.1m) demonstrating that e-commerce sales are an integral part of the retail proposition in the UK and European markets. As a percentage of UK and Europe retail sales, e-commerce sales represented 27.4% (2017: 21.9%).

Sales per square foot excluding e-commerce sales decreased reflecting the move to online. However our stores remain key to the success of the e-commerce business through initiatives such as order in store and click and collect as well as showcasing the brand and the collections and contribute a healthy financial return.

Expansion continued with store openings in London, Oxford and Paris and outlets in Gloucester and Roermond. We also relocated three of our stores which included Heathrow T3, and our outlets in Bicester and La Vallee. We opened further concessions with premium department stores in the UK, France, Germany, the Netherlands and Spain. We also opened two licence partner stores in Turkey. We are pleased with the performance of the new openings and remain positive about further growth opportunities for our brand across these markets. During the period, we closed a concept store in London, and temporarily closed a store and an outlet for refurbishment. Given the ongoing challenging trading conditions, in the period the Group has impaired one store in Europe that failed to deliver on its potential.

Sales from our UK wholesale division, which include our wholesale export business and the supply of product to our retail licence partners, increased by 9.3% to £94.1m (2017: £86.1m) reflecting a good performance from sales to Trustees, particularly those with a strong online customer proposition.

NORTH AMERICA

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017	VARIANCE	CONSTANT CURRENCY VARIANCE[1]
Total retail revenue*	£120.1m	£103.4m	16.2%	12.4%
Store revenue*	£103.8m	£93.6m	10.9%	7.3%
E-commerce revenue	£16.3m	£9.8m	66.3%	61.4%
Average square footage*	121,081	112,110	8.0%	
Closing square footage*	126,524	116,590	8.5%	
Sales per square foot including e-commerce sales	£992	£922	7.6%	4.1%
Sales per square foot excluding e-commerce sales	£857	£835	2.6%	(1.3%)
Wholesale revenue	£55.1m	£44.2m	24.7%	21.0%
Own stores	32	31	1	
Concessions	61	55	6	
Outlets	12	11	1	
Partner Stores	22	14	8	
Total	127	111	16	

* Excludes licensed partner stores.

We are confident that the Ted Baker brand is becoming more established and continues to gain recognition in this territory.

Sales from our retail division in North America increased by 16.2% (12.4% in constant currency)[1] to £120.1m (2017: £103.4m). Our e-commerce business performed particularly well with sales increasing 66.3% (61.4% in constant currency)[1] to £16.3m (2017: £9.8m). As a percentage of North America retail sales, e-commerce sales represented 13.6% (2017: 9.5%).

Sales per square foot excluding e-commerce sales decreased in constant currency[1] due to in part higher levels of competitor promotional activity in the North American market and lower international tourism in the first half of the year. However, the second half of the year has seen an improving trend in this territory.

During the period, we opened new stores in Houston, Los Angeles and Montreal and expanded our Miami Aventura store. We opened an outlet in Chicago and concessions in Canada with a premium department store. We also opened concessions in Mexico with our licence partner. We closed one store in Los Angeles and one in New York and impaired three stores in light of the above trading conditions.

Sales from our North American wholesale business increased by 24.7% (21.0% in constant currency)[1] to £55.1m (2017: £44.2m) reflecting a strengthening relationship with key trustees that attract domestic customers across North America, further demonstrating increased brand recognition in this territory.

REST OF THE WORLD

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017	VARIANCE	CONSTANT CURRENCY VARIANCE[1]
Total retail revenue*	£21.3m	£17.8m	19.7%	17.3%
Store revenue*	£19.0m	£16.4m	15.9%	13.8%
E-commerce revenue	£2.3m	£1.4m	64.3%	57.8%
Average square footage*	31,742	28,438	11.6%	
Closing square footage*	32,373	27,874	16.1%	
Sales per square foot including e-commerce sales	£670	£625	7.2%	5.1%
Sales per square foot excluding e-commerce sales	£599	£576	4.0%	1.9%
Own stores	12	8	4	
Concessions	14	15	(1)	
Outlets	2	3	(1)	
Partner stores	69	63	6	
Total	97	89	8	

* Excludes licensed partner stores.

We continue to develop the Ted Baker brand across the Middle East, Asia, Africa and Australasia through our retail and licensing channels.

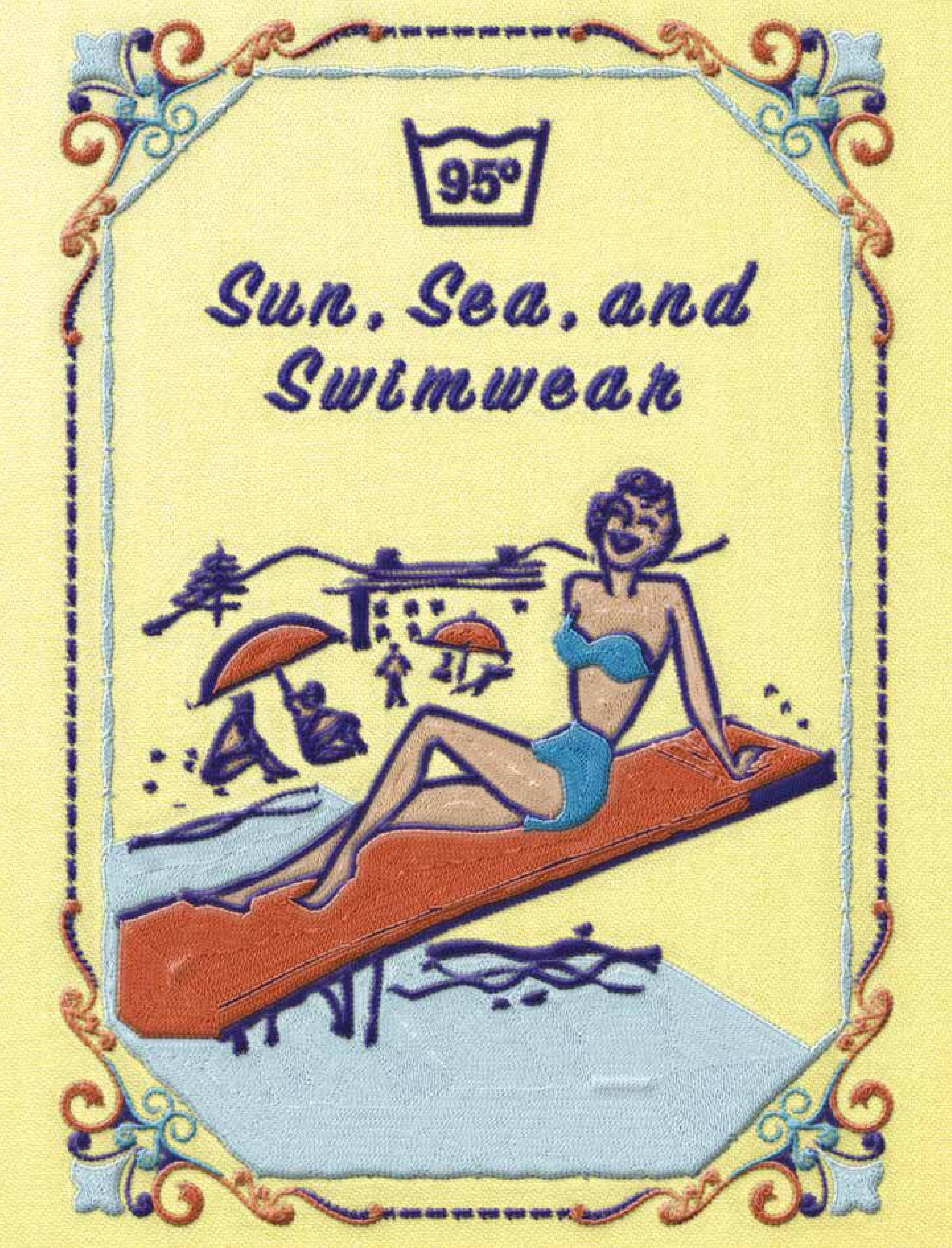
We remain positive about the long-term opportunities in Asia. However, as has been widely reported, the trading environment continues to be challenging. Retail sales in Asia increased 19.7% (17.3% in constant currency)1 to £21.3m (2017: £17.8m). In China, we opened a store in Shanghai, and in Japan, we relocated our Tokyo store and opened a concession. In South Korea, we closed our concessions and transitioned our retail operations to a distributor with the knowledge and experience to drive growth locally.

During the period, our Middle Eastern licence partners performed particularly well and opened stores in each of Dubai, Kuwait, Lebanon, Qatar and Saudi Arabia. Our South East Asian licence partner opened a store in Indonesia and Malaysia. As at 27 January 2018, our licence partners operated 60 stores and concessions across the Middle East, South East Asia and Africa (2017: 54).

The joint venture with our Australasian licence partner, Flair Industries Pty Ltd, continued to perform well. During the period, we opened one new store in Bondi and closed one in Melbourne. As at 27 January 2018, we operated 9 stores in Australasia (2017: 9 stores).

NOTES:

[1] Constant currency comparatives are obtained by applying the exchange rates that were applicable for the 52 weeks ended 28 January 2017 to the financial results in overseas subsidiaries for the 52 weeks ended 27 January 2018 to remove the impact of exchange rate fluctuations.
The Directors believe this measure provides a consistent and comparable view of the underlying performance of the Group's ongoing business.



FINANCIAL REVIEW

REVENUE AND GROSS MARGIN

Group revenue increased by 11.4% (9.6% in constant currency)[1] to £591.7m (2017: £531.0m), driven by a 10.4% (8.5% in constant currency)[1] increase in retail sales to £442.5m (2017: £400.7m) and a 14.6% (13.3% in constant currency)[1] increase in wholesale sales to £149.2m (2017: £130.3m).

The gross margin for the Group remained constant at 61.0% (2017: 61.0%) as a result of improved full price sell-through in our retail channel offset by an increased proportion of wholesale sales to trustees, which carry a lower margin.

OPERATING EXPENSES BEFORE EXCEPTIONAL ITEMS[2]

Distribution costs, which comprise the cost of retail operations and distribution centres increased by 11.4% (9.3% in constant currency)[1] to £232.0m (2017: £208.2m) and as a percentage of sales remained consistent at 39.2% (2017: 39.2%). During the period we invested in online marketing costs to increase awareness of local e-commerce sites which was offset by a decrease in dual running costs associated with the transition to our new single European distribution centre.

Administrative costs increased by 14.3% to £80.2m (2017: £70.1m). Administration expenses excluding exceptional costs[2] increased by 15.1% (14.3% in constant currency)[1] to £75.5m (2017: £65.6m). This increase is due to the growth in our central functions, both in the UK and overseas, the continued deployment of our information technology infrastructure to support our growth, and investment in customer engagement.

Dual running costs incurred in respect of our new European distribution centre and the systems roll-out were £2.1m (2017: £4.0m) in the period, some of these are expected to continue into the next financial year.

PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS[3] AND PROFIT BEFORE TAX

Profit before tax and exceptional items[3] increased by 11.7% to £73.5m (2017: £65.8m) and profit before tax increased by 12.3% to £68.8m (2017: £61.3m).

EXCEPTIONAL ITEMS[2]

Exceptional items in the period amounted to £4.7m (2017: £4.5m) and comprised the impairment of retail assets, relating to three stores in the US and one store in Europe of £4.5m, and restructuring costs of £1.3m, partially offset by income of £1.1m related to the release of provisions against the Group's legacy warehouses following assignment of the leases.

Exceptional items in the 52 weeks ended 28 January 2017 of £4.5m included a provision for lease commitments relating to the Group's legacy warehouses of £2.9m along with £0.7m of other closure costs and £0.9m in respect of closure costs for a concept store in London.

For further information about this measure, and the reasons why we believe it is important for an understanding of the performance of the business, please refer to Note 1(x) of the Financial Statements.

FINANCE INCOME AND EXPENSES

Net interest payable during the period was £3.2m (2017: £2.9m). The increase was largely due to higher average borrowings on the revolving credit facility as well as an increase in LIBOR rates in the fourth quarter of the year.

The net foreign exchange gain during the period of £0.7m (2017: £1.1m) was due to the translation of monetary assets and liabilities denominated in foreign currencies. The decrease from the prior period was due to the appreciation of Sterling this year compared to the devaluation in the prior year following the UK's EU referendum result.

TAXATION

The Group tax charge for the year was £16.0m (2017: £14.7m), an effective tax rate of 23.3% (2017: 24.0%). This effective tax rate is higher than the UK tax rate for the period of 19.16% largely due to higher overseas tax rates and to the non-recognition of losses in overseas territories. The UK corporation tax rate reduced to 19% from 1 April 2017 and will reduce to 17% from 1 April 2020. The US federal corporate income tax rate has reduced to 21% with effect from 1 January 2018.

Our closing UK deferred tax assets and liabilities have been measured at 19% based on the corporation tax rate at which they are largely anticipated to unwind. Overseas deferred tax assets and liabilities have been measured at the applicable overseas tax rates.

Our future effective tax rate is expected to be higher than the UK tax rate as a result of overseas profits arising in jurisdictions with higher tax rates than the UK. The Group's effective tax rate will, however, benefit from the fall in the US federal tax rate to 21%. We would expect future reductions in the effective tax rate given the US federal rate reduction and the UK rate reduction to 17% from 1 April 2020.

CASH FLOW

The net decrease in cash and cash equivalents of £21.9m (2017: £13.5m) primarily reflected an increase in working capital and further capital expenditure to support our long-term development.

Total working capital, which comprises inventories, trade and other receivables and trade and other payables, increased by £31.8m to £168.6m (2017: £136.8m). This was mainly driven by an increase in inventories of £28.7m to £187.2m (2017: £158.5m) reflecting the growth of our business, stock on hand for our wholesale customers and territorial licence partners, and the impact of the movement in foreign exchange rates.

Group capital expenditure of £36.6m (2017: £43.8m) relates to the opening and refurbishment of stores, concessions and outlets and the ongoing investment in business-wide IT systems to support our continued growth.

The Group's net borrowing position at the end of the period was £111.8m (2017: £95.2m).

SHAREHOLDER RETURN

Basic earnings per share increased by 12.6% to 119.0p (2017: 105.7p). Adjusted earnings per share, which exclude exceptional items[4], increased by 12.0% to 127.7p (2017: 114.0p).

The proposed final dividend of 43.5p per share will make a total for the period of 60.1p per share (2017: 53.6p per share), an increase of 12.1% on the previous period.

Operating cash flow per share was 98.4p (2017: 118.4p) and reflected a decrease in cash generated from operating activities. The decrease was largely due to increased working capital, in particular inventory, reflecting the growth of our business and increased stock on hand.

BORROWING FACILITIES

During the period, the Group agreed an extension of its multi-currency revolving credit facility. A new agreement was signed on 25 September 2017 which increased the Group's committed borrowing facility from £110.0m to £135.0m, expiring in September 2020.

The increased facility provides the resources to fund the planned investment in capital expenditure and working capital required to support the Group's long-term growth strategy. The new borrowing facility is on the same terms and contains the same covenants as the previous facility. The Group monitors actual and prospective compliance on a regular basis.

TREASURY RISK MANAGEMENT

The most significant exposure to foreign exchange fluctuation relates to purchases made in foreign currencies, principally the US Dollar and the Euro.

A proportion of the Group's purchases are hedged in accordance with the Group's risk management policy, which allows for foreign currency to be hedged for up to 24 months in advance. The balance of purchases is hedged naturally as the business operates internationally and income is generated in the local currencies. In June 2016, ahead of the UK referendum on Brexit, the Group extended its hedging arrangements for US Dollars to April 2018. At the balance sheet date, the Group has hedged its projected commitments in respect of the period ending 26 January 2019 as well as a proportion of its requirements for the following period.

The Group is exposed to movements in UK interest rates as both the revolving credit facility and term loan accrue interest based on LIBOR plus a fixed margin.

During the previous period, the Group entered into interest rate swap agreements, fixing £30.0m of the floating rate net debt.

NOTES:

[1] Constant currency variances are calculated by applying the exchange rates for the 52 weeks ended 28 January 2017 to results financial results in overseas subsidiaries for the 52 weeks ended 27 January 2018 to remove the impact of exchange rate fluctuations.
[2] For information about exceptional items please refer to Note 1(x) and Note 3 of the Financial Statements.
[3] Profit before tax and exceptional items is a non-GAAP measure, adjusted for exceptional items.
[4] Adjusted earnings per share is a non-GAAP measure, adjusted for exceptional items.


LOVE
in Every Stitch
TED BAKER
LONDON

PRINCIPAL RISKS AND UNCERTAINTIES

The Board is ultimately responsible for the Group's system of risk management and internal control and for reviewing its effectiveness, and for determining the Group's risk appetite. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the period and up to the date of approval of these financial statements, and that this process is regularly reviewed by the Board. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

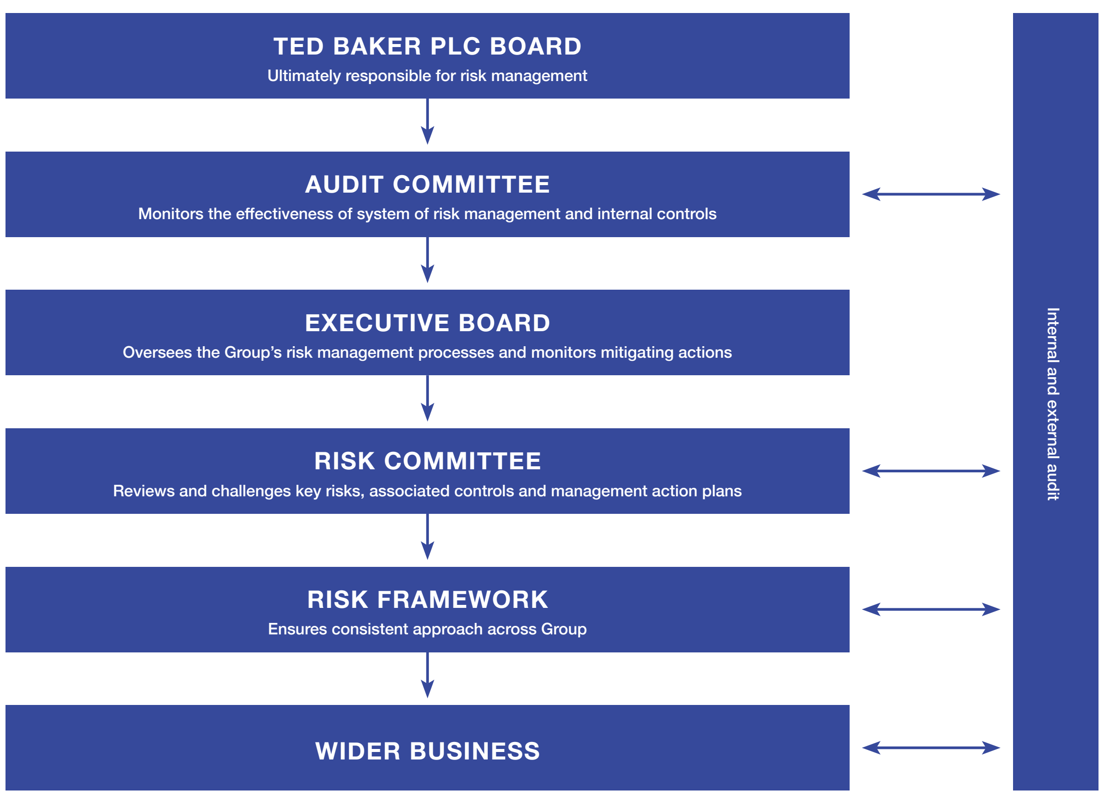
RISK MANAGEMENT PROCESS

In order to help manage the Group's risks and uncertainties, the Board has delegated responsibility for monitoring the effectiveness of the Group's systems of internal control and risk management to the Audit Committee.

In addition, the Group has established a Risk Committee that includes the Finance Director and various members of the Executive Board and heads of department. The Risk Committee helps the Executive Board review the risk management and control process in each key business area on an ongoing basis, and provides a platform for management to drive improvement across the business. The Risk Committee considers:

- the authority, resources and co-ordination of those involved in the identification, assessment and management of significant risks faced by the Group;
- the response to the significant risks which have been identified by management and others;
- the maintenance of a controlled environment directed towards the proper management of risk; and
- the annual reporting procedures.

An overview of the Group's Risk Management Process is set out below:



STRATEGIC REPORT

Having considered the key risks inherent in the business and the system of control necessary to manage such risks, the Finance Director presents the Risk Committee's findings to the Board on a regular basis. In addition, the Chief Executive reports to the Board on changes in the business and the external environment which affect significant risks.

In turn, the Audit Committee assesses the findings and recommendations of the Risk Committee and the Group's external and internal audit processes and looks critically at how the business responds, as well as investigating material issues and what actions they implement to prevent future issues.

On behalf of the Board, the Audit Committee has reviewed the effectiveness of the system of risk management and internal control during the period, covering all material controls, including financial, operational and compliance controls. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed. Management is responsible for the identification and evaluation of significant risks applicable to their areas of the business together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophes and regulatory requirements, and also with reference to the Group's five year strategic and financial plan. During the period, the Board has continued to place significant focus on risk management. Following the Audit Committee's engagement of PricewaterhouseCoopers LLP ("PwC") to undertake a detailed review of the Group's risk framework and internal audit function in the prior period, the Board has again retained PwC to assist the Risk Committee and Audit Committee in managing the Group's risk profile and increasing engagement with stakeholders in the Group.

The Group has an independent internal audit function whose findings are regularly reviewed by the Board and the Executive Committee. The Audit Committee monitors and reviews the effectiveness of the internal audit activities.

The Chief Operating Officer and Group Finance Director provides the Board with monthly financial information which includes updates by reference to the Group's key performance indicators.

The Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The following list highlights the principal risks identified by the Group (which are not shown in order of importance). Additional risks and uncertainties not presently known, or currently considered to be less material, may also have an adverse effect on the Group:

	ISSUE	POTENTIAL IMPACT	MITIGATION	CHANGE IN LEVEL OF RISK
STRATEGIC RISKS	Brand and reputational risk	The strength and reputation of the Ted Baker brand is important to the business. There is a risk that our brand may be undermined or damaged by our actions or those of our partners or supply chain.	We carefully consider each new partner with whom we do business. Such partners are subject to due diligence and are monitored on an ongoing basis to ensure they remain appropriate to the brand. Our dedicated social media team closely monitors social media channels and addresses any reputational issues in accordance with our protocol.	No material change
	Development of overseas markets	Failure in growing the international business through franchise operations, licensees and e-commerce. Risk that the Group fails to prioritise the right territories or investment or fails to support these markets with systems and supply chain capability.	We perform extensive due diligence on all potential partners and territories and to assess our appropriate routes to market. We operate in a range of international markets, which helps to mitigate over-reliance and exposure to any one territory.	No material change
	Fashion and design	As with all fashion brands there is a risk that our offer will not satisfy the needs of our customers or we fail to correctly identify trends in an increasingly competitive market, resulting in lower sales and reduced market share.	We maintain a high level of market awareness and an understanding of consumer trends and fashion to ensure that we remain able to respond to changes in consumer preference. We use customer data to develop targeted marketing and promotional activity. We continue to focus on product design, quality and attention to detail.	No material change
	External events	External events may occur which may affect the global, economic and financial environment in which we operate. These events can affect our suppliers, customers and partners, increasing our cost base and adversely affecting our revenue.	These risk factors are monitored closely on an ongoing basis ensuring that we are prepared for and can react to changes in the external environment, allowing us to reduce our exposure as early as possible. The geographic spread of our business and supply chain also helps to mitigate these risks.	Increased risk
	Brexit	The UK's decision to leave the European Union has increased the level of economic and consumer uncertainty.	The Group has established a Brexit Committee which, together with its external advisers, continues to carefully monitor the potential impact of Brexit. Scenario planning includes the impact of additional customs duties, VAT and customs duty declarations; and the restriction on the free movement of people. In addition to this ongoing monitoring and mitigation, our presence in a range of international markets helps mitigate the impact of this risk.	Increased risk
OPERATIONAL RISKS	Supply chain	If garments do not reach us on time and to specification, there is a risk of a loss of revenue and customer confidence. Over-reliance on key suppliers could also have an impact on our business.	Our supply chain is diversified across a number of suppliers in different regions, reducing reliance on a small number of key suppliers. Suppliers are treated as key business partners and we work closely with them to mitigate these risks. The Group continues to improve and evolve its supply chain	No material change
	Retail sector outlook	Outlook in the retail sector remains uncertain, with increasing pressures on the Group's customers.	The Group's Credit Committee closely monitors any outstanding debts and takes appropriate action where necessary. The Group manages its credit risk through insurance, standby letters of credit or other supplier financing products wherever possible.	Increased risk

	ISSUE	POTENTIAL IMPACT	MITIGATION	CHANGE IN LEVEL OF RISK
OPERATIONAL RISKS *CONTINUED*	Infrastructure	There is a risk of operational problems, including disruption to the infrastructure that supports our business, which may lead to a loss of revenue, data and inventory.	The business continuity plan is constantly reviewed and updated by the Risk Committee. In addition, business disruption is covered by our insurance policies.	No material change
	Social responsibility	We are committed to operating in a responsible and sustainable manner as regards our supply chain, environment and community. If we fail to operate in a manner that supports our philosophy, this could damage the trust and confidence of our stakeholders.	A sub-committee of the Executive Committee has been tasked with overseeing specific areas of our social responsibility agenda. Ted's Conscience Team is responsible for monitoring this agenda and ensure our practices fall in line with it. More information is set out on page 28 (Sustainability).	No material change
	Cybersecurity	The business is subject to threats from hacking or viruses or other unauthorised data breaches. There is the possibility of unintentional loss of controlled data by authorised users.	The Group has invested in additional specialist IT resources. The continual upgrading of security equipment and software also mitigates these risks. Tightly controlled security controls, an extensive penetration testing programme, and data recovery and business continuity plans have been implemented with the support of specialist third parties.	Increased risk
	IT infrastructure and implementation of ERP	The Group's IT infrastructure is key to the operation of its business. We are in the process of implementing the final phases of Microsoft Dynamics AX across the business. With any project of this scale, there is a risk of a poorly managed implementation or take-up of new systems, which could lead to business disruptions. This, and the implementation of other new business systems, has potential to impact interdependent systems and the business.	The Group's IT Steering Committee meets on a two weekly basis to review the implementation and all other major IT projects. This Committee comprises members of the Executive Committee and is advised by external professional advisers. The IT Steering Committee has established a Design Authority charged with overseeing the scheduling of the implementation of any new system. Robust change management and professional project managers recruited to oversee the project team which includes key business stakeholders.	No material change
	People	Our performance is linked to the performance of our people and, in particular, to the leadership of key individuals. The loss of a key individual whether at management level or within a specialist skill set could have a detrimental effect on our operations and, in some cases, the creative vision for the brand.	Identification and retention of key talent is important and we take active steps to provide stability and security to the key team. We carry out an annual benchmarking review to ensure that we provide competitive remuneration and total reward packages. We also utilise long-term incentive schemes to retain key talent. Employee engagement through our culture and environment strengthen the commitment of team members and has a positive impact on our retention rate. Succession plans are in place and have been reviewed during the period.	No material change
	Regulatory and legal framework	We operate in a range of international markets and must comply with various regulatory requirements. Failure to do so could lead to financial penalties and/or reputational damage.	The Group closely monitors changes in the legal and regulatory framework within the markets in which it operates. We work closely with specialist advisers in each market to ensure compliance with local laws and regulations. For example, the Group has established a cross-functional GDPR steering committee that has worked with external advisers to ensure the Group's policies and procedures are GDPR compliant.	No material change
	Infringement of the Group's intellectual property	Unauthorised use of the Group's designs, trademarks and other intellectual property rights could damage the Ted Baker brand and the Group's reputation.	The Group, with its external advisers, rigorously manages and defends its intellectual property. The Group deals with counterfeit goods in accordance with its robust enforcement strategy.	No material change

	ISSUE	POTENTIAL IMPACT	MITIGATION	CHANGE IN LEVEL OF RISK
FINANCIAL RISKS	Currency, interest, credit and counterparty credit risks, including financial covenants under the Group's credit facilities	In the course of its operations, the Group is exposed to these financial risks which, if they were to arise, may have material financial impacts on the Group.	The Group's policies for dealing with these risks are discussed in detail in Note 23 to the financial statements.	No material change
	Foreign exchange	The Group is exposed to fluctuations in the exchange rates of key currencies.	The Group's Foreign Exchange strategy is closely managed by the Finance Director and the Group's external advisers. The Group has adopted a hedging policy to mitigate short-term foreign exchange risk.	No material change

VIABILITY STATEMENT

In accordance with Provision C.2.2 of the UK Corporate Governance Code dated April 2016 (the "Code"), the Directors have assessed the prospects and viability of the Group over a five year period, taking into account the Group's current position and the potential impact of the principal risks documented above.

The Group operates a five year plan, which is updated and reviewed regularly by the Board. Within the five year plan, detailed scenario planning and stress testing has been carried out over a five year period. The Directors therefore consider the five year period to 29 January 2022 to be the appropriate period to assess the viability and prospects of the Group with a high level of certainty.

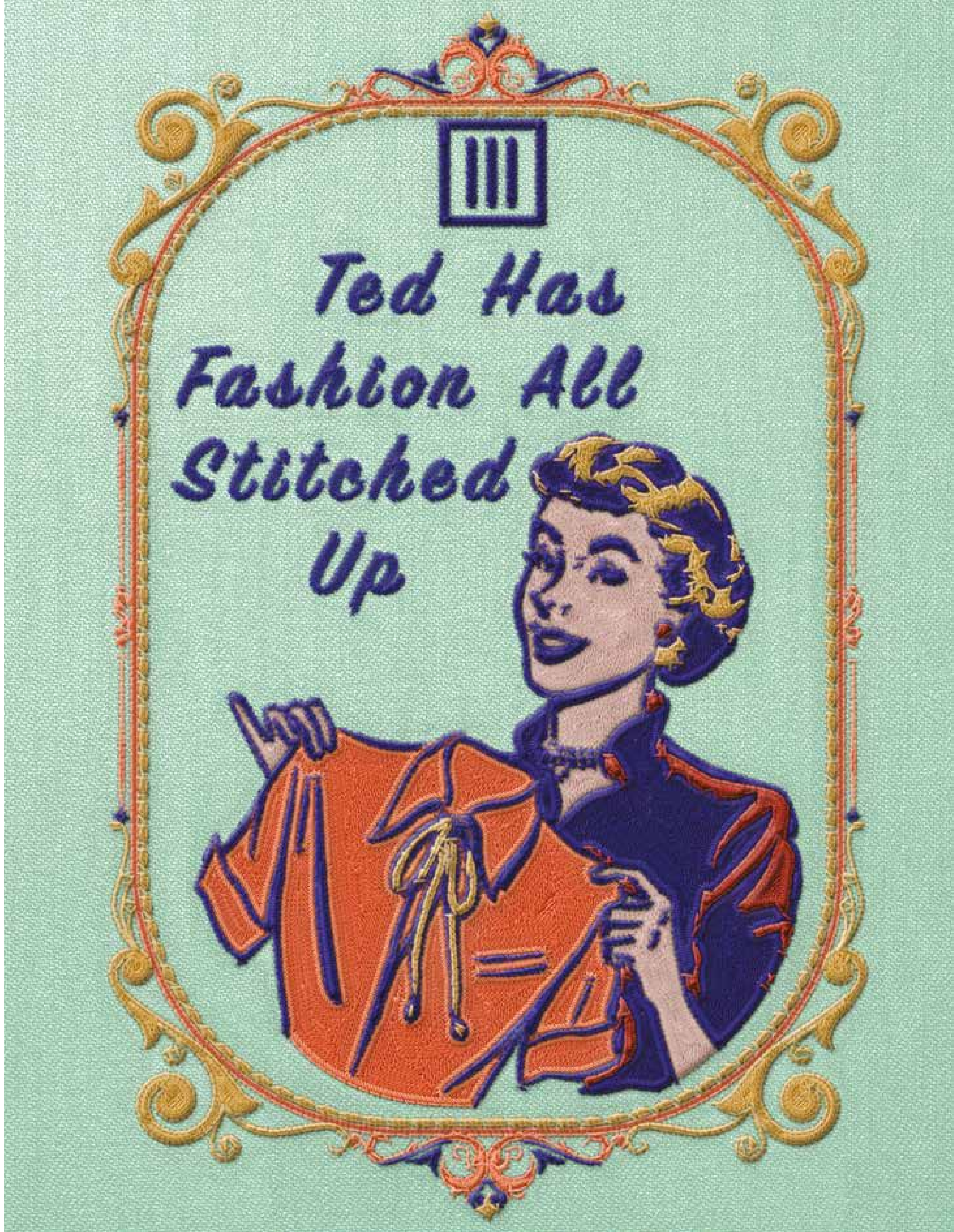
The Directors' assessment has been further enhanced by analysing the current and future risks, controls and assurances available, resulting in a clear picture of the risk profile across the whole business. The principal risks, including specific operational risks, that could affect the future viability of the Group over the next five years are identified on pages 22 to 26 in Principal Risks and Uncertainties.

In making this assessment the Directors have considered the resilience of the Group to the occurrence of these risks in severe but plausible scenarios, including by reference to certain principal risks, and taking into account the effectiveness of any mitigating actions. In addition, the Board has considered the impact on the Group's cash flows, headroom, covenants and other key financial ratios having stress tested the potential impact of these scenarios, both individually and in combination.

Sensitivity analysis was also used to stress test the Group's strategic plan and to confirm that sufficient headroom would remain available under the Group's credit facilities. The Board considers that under each scenario tested, the mitigating actions would be effective and sufficient to ensure the continued viability of the Group. For the reasons stated above, based on the robust assessment undertaken, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation, and meet its liabilities as they fall due, over the period of assessment.

GOING CONCERN

The Directors have reviewed the Group's budgets and long-term projections. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for twelve months from the approval of these accounts. For this reason, they continue to adopt the going concern basis of accounting in preparing the financial statements.



SUSTAINABILITY

At Ted Baker we believe in being open and honest in the way we do business. This includes doing the right thing by all of our stakeholders throughout our supply chain and operating in a fair and sustainable manner. During the period we continued implementing our sustainability strategy "Fashioning a Better Future", developed from our Ted[3] plan which was introduced in 2012.

We approach our social, environmental and ethical commitments ("SEE") with the same focus and attention to detail that permeates the rest of the business. To ensure that we continue to meet our responsibilities in these important areas Fashioning a Better Future focuses on Planet, People and Product. Our Global Sustainability Strategy has been developed and continues to be advanced and improved ensuring that every department is included.

HOW WE WORK

The Chief Operating Officer and Group Finance Director is responsible for overseeing the formulation of the Group's policies and procedures to manage risks arising from SEE. In addition, the Board has tasked four members of the Executive Committee to oversee specific areas of our SEE agenda for the Group. These Executive Committee members participate because of the relevance of their departments to our ongoing commitment in these areas – Brand Communication, Product Design, Production and Special Projects (Interior Design). Our full-time Ted's Conscience team co-ordinates these areas and the Group's cross-functional team which is responsible for addressing SEE concerns of the Group.

OUR SUSTAINABILITY FOCUS

We believe in three very important areas of sustainability:

1. **Planet:** the Group is committed to managing and reducing its impact on the environment;
2. **People:** the Group is committed to looking after those who create, make and wear our product; and
3. **Product:** the Group is committed to producing beautiful, more sustainable product.

PLANET

The Group has engaged in a number of environmental projects during the course of the period:

- We continue to participate in the Carbon Disclosure Project to measure and disclose our greenhouse gas emissions and climate change strategies. We maintained our disclosure score of B.
- All of our UK head office business travel within Scopes 1 and 3 is CarbonNeutral®. This means that the unavoidable emissions generated by air, road and rail journeys required to visit our stores, trustees and suppliers have been offset in full through the purchase of carbon credits from verified carbon reduction projects.
- We are constantly reviewing the waste our business generates in an effort to achieve our overall aim of sending no waste to landfill. We participate in the Wastepack Compliance Scheme as part of the Producer Responsibility Obligations (Packaging Waste) Regulations 1997 and continue to reduce unnecessary packaging.
- We work with local schools and charities to recycle as much waste from head office as we can.
- We have been working with the charity Newlife to ensure that all faulty garments returned to our UK stores do not end up in landfill. Since March 2014 we have been sending these faulty garments to Newlife for resale as second-hand garments.
- Through our relationships with Oxfam, Newlife and Age UK we have been able to ensure that our end of line garments are utilised in the best way, raising over £580,000 and diverting over 44 tonnes of waste from landfill since the start of these relationships.

PEOPLE

Our employees and the people who work in our supply chains are our greatest asset and it is very important to the Group that our products are produced in factories that are committed to providing a fair and safe environment for their workers. To enable this:

- We have begun working with Segura, an online platform that will help us to map our supply chain. We have so far brought on board all of our Chinese factories and their subcontractors. It is helping us to reach beyond our direct suppliers and ensure we have more visibility of the supply chains that make Ted Baker product.
- Ted Baker Ethical, Production and Buying teams regularly visit our suppliers to build and maintain relationships. These are key in ensuring open and honest communication.
- All Ted Baker suppliers are governed by our Ethical Code of Conduct. We review and revise our Code of Conduct regularly to ensure that it reflects legislative changes and make sure that our suppliers continue to make improvements. The Code is based on international conventions such as the Ethical Trade Initiative Base Code, the United Nations Universal Declaration of Human Rights and the Fundamental Conventions of the International Labour Organisation, and can be found at http://www.tedbakerplc.com/~/media/Files/T/Ted-Baker/documents/ted-ethical-code-of-conduct-2016.pdf.
- Through our partnership with MADE-BY, a non-profit multi-stakeholder initiative set up to improve sustainability within the fashion industry, we report through MODE Tracker, a new progress tracking tool. It is aimed at supporting fashion brands to become more sustainable, focusing on eight areas of fashion business including People, Product and Own Operations.
- In December 2014, we started to collect donations of leftover restaurant food. Those proceeds are donated to Magic Breakfast, a charity that provides underprivileged school children in London with much needed breakfasts before school. During the period, we raised enough money to provide 6,309 Magic Breakfasts.
- We keep two Buckfast bee colonies on the roof of our London head office from which we had a hugely successful honey harvest for the eighth year running.

PRODUCT

As part of our commitment to product we place great emphasis on producing more sustainable products.

- We are part of the Sustainable Clothing Action Plan ("SCAP"), a DEFRA sponsored action plan organised to improve the sustainability of clothing throughout its lifecycle by bringing together industry, government and third parties. SCAP members collaborate to develop sector-wide targets along with the tools and guidance necessary to achieve them. As a SCAP 2020 signatory, we are challenged to reduce carbon, water and the amount of waste generated or consumed by our products by 15% by 2020.
- We have introduced internal sustainable fibre targets to our collections to ensure that we are meeting our SCAP commitment, and, as part of SCAP, we participate in the Metrics group. This Group identifies the key industry metrics that businesses should measure and is working on a tool to measure baseline carbon, water and waste footprints. It also identifies improvement actions that businesses could take in this area.
- We became a member of the Better Cotton Initiative (BCI) in 2016. The aim of the BCI is to make global cotton production better for the people who produce it, better for the environment it grows in and better for the cotton industry's future. Through education and training the farmers learn more sustainable farming methods and pool their resources with the aim of reducing environmental impacts, using less water and harmful pesticides, and increasing yields. Earlier this year we made a public commitment to source 50% of our cotton as "more sustainable cotton" by 2020. More sustainable cotton includes Better Cotton through BCI, Organic Cotton and Recycled Cotton.

GREENHOUSE GAS EMISSIONS

The Group has for a number of years participated in the Carbon Disclosure Project and is now required, in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the "Regulations") to report its greenhouse gas ("GHG") emissions.

The Group has adopted a GHG reporting policy and a management system based on the methodology established under the Greenhouse Gas Protocol, which has been used to calculate the Group's Scope 1 and 2 emissions in the period for activities within the financial control of the Group.

In measuring the Group's GHG emissions, all of the Group's stores, warehouses and head offices around the world were taken into account. The space occupied by the Group within concession stores is excluded from Scope 1 and 2 calculations because the Group has neither financial nor operational control over a concession area. Such emissions are included in the Group's Scope 3 figures which are published in our annual Carbon Disclosure Project Report.

The Group's GHG emissions during the period are disclosed in the table below:

	2018	2017
Scope 1 – Direct CO_2 emissions (tonnes CO_2e)	175	129
Scope 2 – Indirect CO_2 emissions (tonnes CO_2e)	4,389	4,469
Total tonnes CO_2e emissions	4,564	4,598
tCO_2e per square foot	0.012	0.012
tCO_2e per thousand GBP sales	0.008	0.009

GHG emissions for the period ended 27 January 2018 have been calculated using the appropriate 2017 UK Government Conversion Factors for Company Reporting and, for energy consumed overseas, the International Energy Agency Emission Factors.

THE BRIBERY ACT 2010

The Group has an established anti-bribery policy in place designed to manage risks relating to bribery and corruption. Ted's Handbook, which is provided to all Ted employees, includes information and instructions on how to manage these risks and is supplemented by internal training. Ted also ensures that suppliers are made aware of Ted's anti-bribery policy and how to manage risks by including relevant provisions in Ted's Supplier Manual and other supply contracts. Both the handbook and the supplier manual are regularly kept under review to ensure they are sufficiently robust to prevent bribery and corruption.

MODERN SLAVERY ACT 2015

The Group has issued its second statement in compliance with the Modern Slavery Act which is available at www.tedbakerplc.com. The statement sets out the Group's policies for assessing the risk of modern slavery within its supply chain and the steps taken to improve transparency. The Group's cross-functional committee, the Modern Slavery Act Working Group ("MSWAG"), was established to critically assess and address Ted's modern slavery objectives. During the period, we have introduced a tailored training programme to understand the warning signs of modern slavery and also understand how our practices can directly impact suppliers and their workforces. We are also working with Segura to develop an online platform, to enhance our existing supply chain management systems. MSWAG will continue to develop the Group's policies in line with the evolving business and landscape, with a focus on supply chain management and compliance.

PEOPLE

Talent, commitment and passion are three essential strands to the success of the Group. The energy and inspired performance of our team are key factors in helping the Group to deliver growth and drive innovation. The Group places significant importance in building an out of the ordinary employee experience, creating learning and development opportunities, nurturing individual employee growth and recognising and rewarding contribution.

REWARD AND RECOGNITION

The Group entered into its second year of a pay for performance remuneration approach for employees at our London head office ("Tedquarters") and also rolled out the scheme to the USA head office. Such employees' performance is measured against competency criteria, objectives linked to business success and behavioural identifiers that directly support our unique culture and brand values. This approach enables Ted to award remuneration annually based directly on individual success and achievement. We continue to review all other employee groups' remuneration annually and a benchmarking analysis is undertaken against market intelligence to ensure we remain competitive and commensurate across all areas of the business.

In each territory we offer reward and recognition schemes in line with local legislative and market requirements for employees but also seek to bring parity across the Group where feasible. Our reward packages include bonus schemes linked to sales targets and individual and corporate performance. We encourage all UK employees to join our Save As You Earn share scheme. Ted also provides a Long-Term Incentive Plan ("LTIP") for key senior employees throughout the business spanning a three year award period. The LTIP is currently in its fifth tranche of issue and it is anticipated that this will continue on a rolling yearly award basis to enhance total annual reward and support retention.

During the period we celebrated the seventh year of Wisdom Awards, our Group scheme that recognises long serving members of the team and provides the opportunity for employees to share their unique Ted stories. Additionally during the period we launched "The Bank of Tedland", an "in the moment" recognition scheme with cash rewards for out of the ordinary performance.

LEARNING, DEVELOPMENT AND TALENT MANAGEMENT

Employee performance is reviewed formally during the probationary period as the employee settles in to life at Ted and then bi-annually. This focuses on behaviours, competence, talent and career development. Goals and objectives linked to business development and contribution are a key focus to ensure performance is directly linked to Group delivery. Talent is mapped every quarter to identify high performers, areas for development and gap analysis. This supports the development of dynamic and diversified teams.

We invest in employee development from specialist and technical skills to bespoke courses developed by Ted's Academy. During the period we launched "Ted's Fountain", an online learning resource that allows each employee to easily access trusted information to quickly improve their skills, knowledge and understanding of essential business topics.

Continuing to bring in fresh and specialist talent as well as nurturing our existing employee population remains high on our business and people agenda. Inter-departmental and international transfers play a large part in retaining and growing talent as well as ensuring the Ted story translates across the globe.

During the period, we established a Development Board comprised of senior management across the business. Their focus is on assisting the Executive Board to achieve key strategic aims and provides an opportunity to develop future Ted leaders for the Group.

Following the success of Ted's Extraordinary Diploma, our latest and third programme, "Ted's Extras", now helps to identify highly motivated and engaged talent with multi-faceted knowledge and develops their expertise across various departmental functions.

DIVERSITY

The Group believes in respecting individuals and their rights in the workplace and that diversity supports the dynamic of our teams to deliver success. With this in mind, specific policies are in place setting out our stance and commitment to managing harassment and bullying, whistle blowing, equality and diversity. Our team represents a wide and diverse workforce from all backgrounds, sexual orientation, nationality, ethnic and religious groups. We support sponsorship of visa applications, where appropriate, to retain specific talent within the business. We respect cultural difference and actively seek to learn about each territory we operate within.

Our commitment to diversity across the Group continues and consideration to diversity and gender is given with a view to appointing the best placed individual for each new role. The tables below demonstrate the gender split across the Board of Directors, the Group's leadership and senior management teams and global employees as at 27 January 2018.

	2018			2017		
	Male	Female	Total	Male	Female	Total
Ted Baker Plc Board of Directors	5	2	7	5	1	6
Executive Committee and other senior managers	60	88	148	55	64	119
Global team members	1,141	2,441	3,582	1,063	2,160	3,223

2018	UK		North America		Europe		Asia		
	Male	Female	Male	Female	Male	Female	Male	Female	Total
Ted Baker Plc Board of Directors	5	2	-	-	-	-	-	-	7
Executive Committee and other senior managers	46	60	9	15	1	4	4	9	148
Global team members	687	1,358	294	513	98	424	62	146	3,582

HEALTH, SAFETY AND WELFARE

Our duty and commitment to the well-being of our team is supported by activity such as private healthcare, occupational health, health seminars and funding for flu jabs. During the period, we conducted a Well-being Week including financial, health and mental well-being seminars, to health assessments and healthy eating options. We offer health and fitness classes to our employees at Tedquarters. We also run a Childcare Voucher Scheme in the UK. An Employee Assistance Programme in the UK and US further supports our commitment to the well-being of our employees. To support health and welfare we launched a new 'Buy Holiday' option for Tedquarters employees to 'buy' additional holiday.

The Group employs a dedicated Health and Safety team to support the identification of risks and prevention of accidents in the workplace. The team provides ongoing education and training to strengthen employees' knowledge and commitment in this area. This includes emergency and crisis event management and business continuity plans.

EMPLOYEES WITH DISABILITIES

Applications for employment by persons with disabilities are always fully and fairly considered, focusing on the aptitudes and abilities of the applicant concerned. In the event of an employee becoming disabled during their employment, every effort is made to ensure that their employment with the Group continues and that where appropriate reasonable adjustments are made and relevant training and education of the wider team is arranged. It is the policy of the Group that the training, career development and promotion of persons with disabilities should, as far as possible, be identical with that of other employees.

CULTURE

Our brand values are important in everything we do and are instilled into the hearts and minds of all our employees from initial inductions with the Founder and Chief Executive telling the story behind the brand. Employees are encouraged to always ask: 'Would Ted do it that way?' We continue employees' cultural journeys throughout their employment with Ted through various events.

EMPLOYEE ENGAGEMENT

The Group places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them and the Group, communicating in a way that aligns with the brand tone of voice and actively encourages feedback. This is achieved through formal and informal meetings, BroadcasTED communications, Talk to Ted sessions, team member surveys and e-postcard messages from Ted. Employee representatives are consulted regularly on a wide range of matters affecting employees' current and future interests. Employees are regularly informed of the Group's performance and any factor affecting its performance during the period, in addition to business development initiatives to maintain interest and encourage participation. During the period we launched our first engagement survey across the Group with exceptional results and validation that the employee experience is a positive one. Results have been shared with the global teams and Ted will continue to drive continuous enhancement and improvement and work hard to exceed employee expectations.

SYSTEMS

Our new integrated HR and Payroll system has been implemented in the UK Tedquarters and we will continue its implementation across the UK Retail population during 2018/19 along with adding modules in learning and development, resourcing and talent management. The phased roll-out will continue in forthcoming periods to the remainder of the Group. With focus on self-serve technology we can expect improved people processes and analytics.

The Strategic Report was approved by the Board of Directors on 22 March 2018 and signed on its behalf by:

Charles Anderson
Finance Director and Company Secretary
22 March 2018

BOARD OF DIRECTORS

CURRENT DIRECTORS:

DAVID ALAN BERNSTEIN CBE, FCA – NON-EXECUTIVE CHAIRMAN (74)

David is Chairman of the British Red Cross and also Chairman of Autorama UK Ltd and Cogress Limited. Previously he was Chairman of Manchester City Plc, the Football Association and Blacks Leisure Plc, he was also joint Managing Director of Pentland Group Plc. In the New Year Honours List of 2014, David was appointed Commander of the Order of the British Empire (CBE) for services to football.

Committee Membership: David is Chairman of the Nomination Committee and a member of the Remuneration Committee.

RAYMOND STUART KELVIN CBE – CHIEF EXECUTIVE (62) ("CLOSEST MAN TO TED")

Ray, the founder of Ted Baker, has worked in the fashion industry for over 40 years. In 1973 he founded PC Clothing Limited, a supplier of womenswear to high street retailers. In 1987 Ray developed the Ted Baker brand and has been Chief Executive of Ted Baker since its launch in 1988. In the New Year Honours List of 2011, Ray was appointed Commander of the Order of the British Empire (CBE) for services to the fashion industry.

Committee Membership: not applicable.

LINDSAY DENNIS PAGE, MA, ACA – CHIEF OPERATING OFFICER AND GROUP FINANCE DIRECTOR (59)

Lindsay joined Ted Baker as Finance Director in February 1997. He joined Binder Hamlyn in 1981, and became a founder member of the corporate finance department in 1986 and a partner in 1990. Binder Hamlyn subsequently merged with Arthur Andersen in 1994. Lindsay was appointed as the Group's Chief Operating Officer in addition to his role as Group Finance Director on 8 July 2014.

Committee Membership: not applicable.

RON STEWART, FCIB – NON-EXECUTIVE DIRECTOR (70)

Ron was appointed as a Non-Executive Director on 25 February 2009. Ron spent all his 39 year banking career at the Royal Bank of Scotland Plc, retiring in 2003 as Deputy Managing Director of its Corporate Banking Department in London. He is Chairman of the PCC at St Andrew's Church in Oxshott, a Trustee of several local charities, a Governor of Reeds School and Chairman of Reeds School Enterprises in Surrey.

Committee Membership: Ron is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. Ron is the Senior Independent Director.

ANDREW JENNINGS – NON-EXECUTIVE DIRECTOR (69)

Andrew was appointed as a Non-Executive Director on 1 February 2014. He has worked in the international retail industry for over 45 years at some of the world's most respected high-end speciality and department stores. Previously he was Chief Executive Officer of the Karstadt Group in Germany and prior to this has held a number of senior executive positions at leading UK and international retailers including Saks Fifth Avenue in the USA; Holt Renfrew in Canada; Harrods and House of Fraser in the UK; and Brown Thomas in Ireland.

Committee Membership: Andrew is a member of the Audit, Nomination and Remuneration Committees. Andrew is an Independent Director. With effect from 19 February 2018, Andrew is the Chairman of the Remuneration Committee.

JENNIFER ROEBUCK – NON-EXECUTIVE DIRECTOR (43)

Jennifer was appointed as a Non-Executive Director on 29 September 2017. Jennifer is an experienced digital and e-commerce executive with a background in digital transformation and brand marketing, particularly in the lifestyle and clothing sector. Jennifer is the co-founder of REVL, the events app, and has wide experience working in the hospitality sector and also with technology led start-ups.

Committee Membership: Jennifer is a member of the Audit Committee. Jennifer is an Independent Director.

DIRECTORS WHO RESIGNED DURING THE PERIOD:

ANNE SHEINFIELD – NON-EXECUTIVE DIRECTOR (52) (RESIGNED)

Anne was appointed as a Non-Executive Director on 15 June 2010 and resigned on 29 September 2017.

Committee Membership: During her time on the Board, Anne was Chairman of the Remuneration Committee and a member of the Nomination Committee. Anne was an Independent Director.

ANITA BALCHANDANI – NON-EXECUTIVE DIRECTOR (43) (RESIGNED)

Anita was appointed as a Non-Executive Director on 29 September 2017 and resigned on 19 February 2018 following her acceptance of a new full-time role which does not permit her to hold any non-executive positions.

Committee Membership: During her time on the Board, Anita was Chairman of the Remuneration Committee and a member of the Audit Committee. Anita was an Independent Director.

CORPORATE GOVERNANCE STATEMENT

Ted Baker's culture and values are central to the success of the business, and that includes strong governance throughout the business, while asking ourselves the question: "Would Ted do it that way?"

STATEMENT OF COMPLIANCE WITH THE CODE

During the period, the Company was subject to the UK Corporate Governance Code dated April 2016. The Code was issued by the Financial Reporting Council and is available to view on the Financial Reporting Council's website https://www.frc.org.uk/. The Board confirms that the Company has complied with the provisions set out in the Code throughout the year, except in respect of Code Provision C.3.1. An explanation of the reason for this departure from the Code is set out on page 42.

An explanation of how the Main Principles have been applied is set out below:

LEADERSHIP	The Board has clear divisions of responsibility and is collectively responsible for the long-term success of Ted Baker. Our Non-Executive Directors constructively challenge and help develop proposals on strategy. See pages 38–40.
EFFECTIVENESS	We evaluate the balance of skills, experience, independence and knowledge of the Board and its committees to ensure we are effective. See pages 38–40.
ACCOUNTABILITY	We present a fair, balanced and understandable assessment of Ted's position and prospects. The Board maintains sound risk management and internal control systems. See pages 22–26.
REMUNERATION	Director remuneration is set to promote the long-term success of Ted. See the Directors' Remuneration Report on pages 50–68.
RELATIONSHIPS WITH SHAREHOLDERS	Strong relationships with our shareholders are key to fulfilling our objectives. The Board ensures that effective and frequent dialogue with our shareholders takes place. See page 40.

BOARD COMPOSITION

The Board currently comprises the Non-Executive Chairman, the Chief Executive, the Chief Operating Officer and Group Finance Director and three independent Non-Executive Directors. Biographies of these Directors appear on page 36. The Board is of the view that its current membership provides an appropriate balance of skills, experience, independence and knowledge, which enables it to discharge its responsibilities effectively.

BOARD INDEPENDENCE

The Board considers Non-Executive Directors Ron Stewart, Andrew Jennings and Jennifer Roebuck to be independent for the purposes of the Code.

BOARD OPERATION

The Board meets regularly throughout the year. It considers, with the support of the Board Committees and the Executive Committee, all issues relating to the strategy, direction and future development of the Group. The Board has a schedule of matters reserved to it for decision that is regularly updated. These include decisions on the Group's strategy, financial budgets, major capital expenditure and transactions, appointment of territorial and product licence partners, store openings, dividend policy, Group bonus and risk profile. The requirement for Board approval on these matters is understood and communicated widely throughout the Group. The Non-Executive Directors meet with the Chairman separately during the year. In addition, the Non-Executive Directors meet without the Chairman present to appraise the Chairman's performance.

Operational decision making, operational performance and the formulation of strategic proposals to the Board are controlled by the Group's Executive Committee, which is comprised of the Board of Directors of No Ordinary Designer Label Limited (one of the Group's operating subsidiaries) together with relevant heads of department as required.

The Executive Committee meets regularly throughout the year.

To enable the Board to function effectively and for the Directors to discharge their responsibilities, full and timely access is provided to all relevant information. A comprehensive board pack and formal agenda is prepared and circulated in advance of each Board meeting. Board members regularly input into the level and quality of information provided, and request specific board papers on additional agenda items. There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. This is in addition to the access each Director has to the Company Secretary.

The Company maintains an appropriate level of Director and officer liability insurance cover and, through the Articles of Association and Directors' terms of appointment, has agreed to indemnify the Directors against certain liabilities to third parties and costs and expenses incurred as a result of holding office as a Director. Save for such indemnity provisions in the Company's Articles of Association and in the Directors' terms of appointment (which were in force throughout the period and are in force as at the date of these financial statements), there are no qualifying third-party indemnity provisions in force.

BOARD EVALUATION

During the period, the Board undertook an informal evaluation of its own performance, its committees' performance and the performance of its Directors, with continuing assessment undertaken throughout the year in review. Informal evaluations and assessments conducted by the Board and its committees covered a range of issues around Board and Committee membership, roles and responsibilities, and succession.

The most recent externally facilitated evaluation of the Board and Committees' effectiveness was undertaken by Sean O'Hare of Boardroom Dialogue Limited, an independent external adviser with no other connection to the Company, in the 2015/16 financial period.

That Board evaluation concluded that the Board was working well, considering the right topics on a timely basis and with an appropriate level of challenge. Areas of focus for the Non-Executive Directors continue to be enhancing Board engagement with the Executive Committee and building on existing long-term succession planning throughout the Group, which have been addressed during the current period.

The next externally facilitated Board evaluation will be conducted in accordance with the requirements of the Code during the 2018/19 financial period.

BOARD AND COMMITTEE ATTENDANCE

The table below details the number of Board and Committee meetings held during the period and the attendance record of each Director.

	BOARD MEETINGS	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
NUMBER OF MEETINGS HELD	9	4	2	1
Ray Kelvin CBE	9	N/A	N/A	N/A
Lindsay Page	9	N/A	N/A	N/A
David Bernstein CBE[1]	9	2	2	1
Ron Stewart	9	4	2	1
Andrew Jennings	9	4	2	1
Anne Sheinfield[2]	5	N/A	2	1
Jennifer Roebuck	5	2	N/A	N/A
Anita Balchandani[3]	5	2	N/A	N/A

[1] David Bernstein CBE resigned from the Audit Committee on 29 September 2017.
[2] Anne Sheinfield resigned from the Board on 29 September 2017.
[3] Anita Balchandani resigned from the Board on 19 February 2018.

COMMUNICATION WITH SHAREHOLDERS

The Group attaches considerable importance to the effectiveness of its communication with its shareholders. The full report and accounts are sent to all shareholders and further copies are distributed to others with potential interest in the Group's performance.

Led by the Chief Executive, the Chief Operating Officer and the Finance Director, the Group seeks to build on a mutual understanding of objectives between the Company and its institutional shareholders by making general presentations after the interim and preliminary results; meeting shareholders and potential investors to discuss long-term issues and gathering feedback; and communicating regularly throughout the year via its investor relations programme. All shareholders have access to these presentations, as well as to the Annual Report and Accounts and to other information about the Company through the investor relations website at www.tedbakerplc.com. Shareholders may also attend the Company's Annual General Meeting at which they have the opportunity to ask questions.

Non-Executive Directors are kept informed of the views of shareholders by the Executive Directors and are provided with independent feedback from investor meetings.

CONFLICTS OF INTEREST

The Company's Articles of Association take account of certain provisions of the Companies Act 2006 relating to Directors' conflicts of interest. These provisions permit the Board to consider, and if thought fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has adopted procedures for the approval of such conflicts. The Board's powers to authorise conflicts are operating effectively and the procedures are being followed. During the period no situational conflicts of interest were disclosed by the Directors.

AUDIT COMMITTEE REPORT

DEAR SHAREHOLDER,

The role of the Audit Committee is to monitor the integrity of the Group's financial statements and reporting responsibilities and to maintain its internal control and compliance procedures.

This year, the Audit Committee met four times. In its meetings it focused on the Group's risk management, internal controls, tax, and external risk factors.

1. RISK MANAGEMENT

The Audit Committee regularly reviews how the Board is managing the risks the Group is facing throughout the year. This year, the Board has specifically acted to:

- review the robustness of the Group's systems in response to the growing threat to its cyber security, including external penetration testing;
- ensure that the Group is prepared for the forthcoming General Data Protection Regulation; and
- mitigate the foreign currency risks that the Group's global business is exposed to, as a result of recent market volatility.

The Audit Committee is satisfied that the risk management process adopted by the Board has remained robust and effective during the period.

2. INTERNAL AUDIT

The Audit Committee considered the Group's range of internal control systems, including those in relation to:

- inventory and supply chains;
- digital branding and PR; and
- the detection of fraud, bribery and corruption.

Having analysed and challenged the results of the internal audit at regular intervals, the Audit Committee is satisfied that the Group had suitable and effective internal controls in place during the period.

3. TAX

The Audit Committee has considered a range of tax matters including:

- the potential impact of any tax matters on the Group's financial statements;
- the Group's tax strategy; and
- the impact of Brexit on the Group's tax strategy.

4. EXTERNAL RISK FACTORS

As described in more detail in Principal Risks and Uncertainties set out on pages 22–26, the Audit Committee is responsible for reviewing the effectiveness of the Group's system of risk management and internal controls. During the period, the Audit Committee has worked with the Risk Committee and external advisors to monitor the Group's risk profile and to assess external risk factors.

PREPARATION OF THE REPORT

This Audit Committee Report has been prepared in accordance with the Code and includes:

- a description of the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed;
- an explanation of how the Audit Committee has assessed the effectiveness of the external audit process and the approach taken to the reappointment of the external auditors and information on the length of tenure of the current audit firm and when a tender was last conducted; and
- an explanation of how the Group's auditors' objectivity and independence are safeguarded when providing non-audit services.

Meetings with senior management, internal audit and the external auditors, together with the regular circulation and review of board papers and financial information, have enabled the Audit Committee to discharge its duties and responsibilities effectively.

More information in respect of the Audit Committee's role in reviewing internal controls and risk management practices is set out on page 23.

AUDIT COMMITTEE MEMBERSHIP

During the period, Ron Stewart was Chairman of the Audit Committee. The other members were Andrew Jennings and, from her appointment on 29 September 2017, Jennifer Roebuck.

Provision C.3.1 of the Code provides that the Audit Committee should comprise of at least three independent Non-Executive Directors, and that the Chairman of the Company should not be a member of the Audit Committee. This notwithstanding, David Bernstein CBE, Chairman of the Company, was a member of the Audit Committee until his resignation from that committee on 29 September 2017. In this regard, the Board recognises that the Company has not been fully compliant with Provision C.3.1 of the Code during the period but, prior to additional NED appointments being made, considered David Bernstein to be a valuable member of the Audit Committee because of his extensive, relevant and necessary financial experience.

Anita Balchandani was a member of the Audit Committee from her appointment on 29 September 2017 until her resignation from the Board and associated committee positions on 19 February 2018.

The expertise of the Audit Committee members is considered as part of the annual review of the Committee's effectiveness. The Board is satisfied that the Committee possesses recent and relevant financial experience, sectoral competence and appropriate levels of independence, and that its members offer a depth of financial and commercial experience across various industries.

The terms of reference for the Audit Committee are available on the Company's website, www.tedbakerplc.com.

KEY MATTERS

A summary of the key matters considered by the Audit Committee during the period are set out below. The Audit Committee has considered matters according to the following broad themes:

1. Financial oversight;
2. Conduct of the audit;
3. Statutory compliance;
4. Risk management;
5. Tax;
6. Internal policies; and
7. External risks.

AGENDA ITEMS	MARCH 2017	JULY 2017	OCTOBER 2017	NOVEMBER 2017
1. Financial oversight				
Reviewing the progress of the Full Year Report/Interim Report	Y		Y	
Assessing the KPMG Audit Committee Paper summarising the results from the year-end external audit	Y			
Assessing the KPMG Audit Committee Paper summarising the results from the interim review			Y	
2. Conduct of the audit				
Overseeing the KPMG Audit Strategy				Y
Receiving and reviewing the KPMG Management Letter on control observations	Y			
Monitoring the effectiveness of external auditors	Y	Y	Y	
Monitoring the independence of KPMG	Y	Y	Y	
3. Statutory compliance				
Ensuring compliance with mandatory audit rotation and tendering	Y			
Tracking and adopting updates to accounting standards		Y		

AGENDA ITEMS	MARCH 2017	JULY 2017	OCTOBER 2017	NOVEMBER 2017
4. Risk management				
Monitoring the Board's management of risk	Y	Y	Y	
Receiving and reviewing the findings of the internal audit	Y	Y	Y	
5. Tax				
Identifying and responding to the key tax risks to the Group	Y	Y	Y	
Overseeing the Group's tax strategy	Y	Y	Y	
6. Internal policies				
Setting the terms of reference of the Audit Committee		Y		
Adopting an appropriate whistle blowing policy		Y		
Setting out the non-audit services provided by KPMG		Y		
Setting out the non-audit spend		Y		
Investigating whether the Group employs former KPMG staff		Y		
7. External risks				
Reviewing cash flow forecasts			Y	
Setting the level of materiality	Y		Y	
Assessing how external influences will affect the Groups ability to resource	Y	Y		
Monitoring the Group's Cyber Risk Review	Y	Y		
Appraising the investment in new stores		Y		
Monitoring the foreign currency risk to the Group	Y	Y		
Monitoring the likely impact of Brexit on the market	Y	Y		
Monitoring the Group's preparations for compliance with the General Data Protection Regulation		Y		

The main areas of judgement and estimation are set out in the accounting policies on pages 89–95.

SIGNIFICANT ISSUES

The Audit Committee received and reviewed reports from management and the external auditors setting out the significant issues in relation to the financial statements for the period which related to the carrying value of inventory and the carrying value of retail fixed assets (being leasehold improvements and fixtures and fittings).

These issues were discussed and challenged with management during the period. They were also discussed with the external auditors at the time the Audit Committee reviewed and agreed the external auditors' Group audit plan, when the external auditors reviewed the half year interim financial statements in October 2017, and also at the conclusion of the audit of the financial statements for the period.

1) Carrying value of inventory

The Directors have used their knowledge and experience of the fashion industry in determining the level and rates of provisioning required to calculate the appropriate inventory carrying values. Inventory is carried in the financial statements at the lower of cost and net realisable value. Sales in the fashion industry can be extremely volatile with consumer demand changing significantly based on current trends. As a result there is a risk that the cost of inventory exceeds its net realisable value. Management calculates the inventory provision on the basis of the ageing profile of what is in stock. Provisions are considered on a seasonal basis taking into consideration the various channels that are available to the Group to sell existing inventory and the estimated prices that can be achieved. Any changes to the prices that can be achieved could impact the provisions that are required to cover the risks associated with holding older season inventory. Adjustments are made where appropriate based on Directors' knowledge and experience to calculate the appropriate inventory carrying values.

Management confirmed to the Audit Committee that there have been no significant changes to the approach used to estimate inventory provisions from the prior year. The external auditors explained to the Audit Committee the work they had conducted during the year. On the basis of their audit work, the external auditors reported no inconsistencies or misstatements that were material in the context of the financial statements as a whole, and in the view of the Audit Committee this supports the appropriateness of the Group's methodology.

2) Carrying value of retail fixed assets (being leasehold improvements and fixtures and fittings)

Leasehold improvements and fixtures and fittings for stores are identified for further impairment testing primarily on the basis of current and projected performance, with growth assumptions based on Directors' knowledge and experience. Given the relative immaturity of the brand outside the UK, the payback period is typically longer and it is not uncommon for new stores to make losses in their start-up phase. Judgement is therefore applied by the Directors in assessing the trigger point for impairment, recognising that losses in the start-up phase are not always indicative of the future performance of a particular store. The future forecasts are inherently judgemental and the key sensitivity includes achieving the growth rates for a particular store and relevant to the specific market. A change in these assumptions will impact the future forecasts and management's assessment of the profitability of each store. The assumptions are continually reviewed against current trading performance and external factors that impact the fashion industry and consumer demand for specific regions, including for example macro-economic conditions that may impact consumer spending patterns and tourism. The Directors use their knowledge of the fashion industry and experience built over many years to set and monitor the assumptions included within the forecasts.

The external auditors explained to the Audit Committee the work they had conducted during the year. On the basis of their audit work, the external auditors reported no inconsistencies or misstatements that were material in the context of the financial statements as a whole, and in the view of the Audit Committee this supports the appropriateness of the Group's methodology.

3) Misstatements

Management confirmed to the Audit Committee that they were not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation. The external auditors reported to the Audit Committee the misstatements that they had found in the course of their work and no material amounts remain unadjusted. The Audit Committee confirms that it is satisfied that the external auditors have fulfilled their responsibilities with diligence and professional scepticism.

After reviewing and challenging the presentations and reports from management and consulting where necessary with the external auditors, the Audit Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The Audit Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

DIRECTORS' REPORT

4) Future IFRS developments

The Audit Committee has discussed future accounting developments likely to affect the presentation of the Group's financial statements.

TAX GOVERNANCE FRAMEWORK

The Finance Director is responsible for the Group's tax policy which is implemented with the assistance of the senior finance and Group tax team. This is reviewed on an ongoing basis as part of the regular financial planning cycle. In addition, the Group's tax status is reported regularly to the Board and Audit Committee. The Audit Committee is responsible for monitoring all significant tax matters including the Group's tax policy.

In accordance with the measures announced in Finance Act 2016, Ted Baker has published on its website details of the Group's tax strategy as it relates to or affects UK taxation. The Group's tax strategy is available on the Company's website at http://www.tedbakerplc.com/investor-relations/tax-strategy.

EXTERNAL AUDIT

The Audit Committee oversees the Group's relationship with the external auditors and makes recommendations to the Board in relation to their appointment, reappointment and removal and approves their remuneration and terms of engagement. The Board and Audit Committee also review the independence of the external auditors and consider the engagement of the external auditors to supply non-audit services.

The Company has adopted a formal policy on the supply of non-audit services by the external auditors. They may only provide such services on condition that such advice does not conflict with their statutory responsibilities and ethical guidance. The Audit Committee Chairman's pre-approval is required before the Company uses non-audit services that exceed £25,000. Where fees are expected to be above £50,000, this requires approval from the Audit Committee Chairman and one other member of the Audit Committee. The aggregate spend is also reviewed by the Audit Committee on an annual basis. Details of the auditors' remuneration for audit and non-audit fees are disclosed in Note 3 to the financial statements for the period.

The Audit Committee recognises that the independence of the external auditors is an essential part of the audit framework and the assurance that it provides. The Audit Committee monitors any non-audit work that is undertaken by the external auditors to ensure that their objectivity and independence is not compromised. The Audit Committee regularly reviews the level of non-audit fees and as noted above pre-approval for any such services is required from the Audit Committee Chairman above set monetary thresholds. In approving any non-audit services the Audit Committee considers any threats, perceived or actual, to the auditors' independence taking regard of the guidance contained in the relevant ethical standards.

To assess the effectiveness of the external auditors, the Audit Committee reviewed:

- the external auditors' fulfilment of the agreed audit plan and variations from it;
- reports highlighting the major issues that arose during the course of the audit; and
- feedback from the businesses evaluating the performance of each assigned audit team.

The Audit Committee held meetings with the external auditors before each Audit Committee meeting to review key issues within their scope of interest and responsibility. To fulfil its responsibility for oversight of the external audit process, the Audit Committee reviewed:

- the terms, areas of responsibility, associated duties and scope of the audit as set out in the external auditors' engagement letter for the forthcoming year;
- the external auditors' overall work plan for the forthcoming year;
- the external auditors' fee proposal;
- the major issues that arose during the course of the audit and their resolution;
- key accounting and audit judgements;
- the level of errors identified during the audit; and
- recommendations made by the external auditors in their management letters and the adequacy of management's response.

Consideration is also given by the Audit Committee to the need to include the risk of the withdrawal of the external auditors from the market in its risk evaluation and planning.

The Audit Committee considers the reappointment of the external auditors each year and assesses their independence on an ongoing basis. KPMG have been the Company's external auditors since 2001, with a competitive audit tender process last carried out in 2012. The Audit Committee notes the final Order of the Competition and Markets Authority and the new EU Regulation on audit rotation and will ensure compliance with these requirements in considering when next to tender the external audit, which must be completed by the year ended 25 January 2025. The requirements of the Code and the Order and EU Regulation notwithstanding, the Audit Committee will continue to monitor the effectiveness of the external auditors on an annual basis and will tender in accordance with the new EU regulations. Accordingly, the Company confirms that it complied with the provisions of the Competition and Markets Authority's Order for the financial year under review.

KPMG have expressed their willingness to continue in office as external auditors. The Audit Committee has recommended to the Board that KPMG LLP be appointed as the Group's external auditors for the 2018/19 financial period and the Directors will be proposing the reappointment of KPMG at the Annual General Meeting in 2018.

INTERNAL AUDIT

The Audit Committee also oversees the Group's internal audit function, including its role, mandate and audit plan. Certain internal audit functions were outsourced to PwC. The Group has found that the effectiveness of the internal audit has been increased by engaging PwC, as it has allowed the Group's management to access a wider range of expertise than it otherwise would have, and afforded management the opportunity to have its processes and findings challenged by an independent reviewer.

The focus of the internal audit is influenced by the risks, controls and management action plans identified by the Risk Committee, which are presented to the Board by the Finance Director at regular intervals. The Audit Committee assesses the findings of the Risk Committee and tasks the internal audit with investigating how the Group has responded to them. The Audit Committee approves the scope of the internal audit function (permitting for this to change in order to remain abreast of any new developments encountered by the Group) and challenges its conclusions. When appointing the Internal Audit team, the Audit Committee satisfied itself that the people assigned to it have the necessary experience and expertise to effectively fulfil their role. The performance of internal audit is evaluated according not only to the risks it identifies but also to the proposals it offers to remedy those risks.

WHISTLEBLOWING

The Audit Committee is responsible for the review of the Company's procedures for responding to the allegations of whistle blowers and the arrangements by which staff may, in confidence, raise concerns about possible financial reporting irregularities.

Ronald Stewart
Chairman of the Audit Committee
22 March 2018

DIRECTORS' REPORT

NOMINATION COMMITTEE REPORT

DEAR SHAREHOLDER,

The role of the Nomination Committee is to establish a framework for the process of appointment of new Directors to the Board. The Nomination Committee is also responsible for overseeing succession planning requirements, including the identification and assessment of potential Board candidates and making recommendations to the Board for its approval.

NOMINATION COMMITTEE MEMBERSHIP

During the period the Nomination Committee was chaired by David Bernstein and its other members were Ron Stewart, Andrew Jennings and, prior to her resignation from the Board and associated committee positions on 29 September 2017, Anne Sheinfield. The composition of the Nomination Committee during the year complied with Provision B.2.1 of the Code.

On behalf of the Board I would like to thank Anne for her major contribution and dedicated service during her time with Ted Baker, in particular her stewardship of the Remuneration Committee.

The Nomination Committee is responsible for nominating candidates for appointment to the Board.

All Non-Executive Directors are advised of the time commitment considered necessary to enable them to fulfil their responsibilities prior to appointment.

The terms of reference for the Nomination Committee are available on the Company's website, www.tedbakerplc.com.

APPOINTMENTS TO THE BOARD

The Company's Articles of Association require one third of the Directors for the time being to retire each year, and for each Director to retire from office at least once every three years. However, in line with Provision B.7.1 of the Code, the Board has determined that all Directors must retire and stand for re-election by shareholders on an annual basis.

During the period, Jennifer Roebuck and Anita Balchandani were appointed to the Board on 29 September 2017. With the assistance of an external search consultancy, Blackbook Executive Search, the Committee considered a shortlist of potential candidates in light of the balance of skills, experience, independence and knowledge on the Board, determining against objective criteria. Other than the provision of executive search services, Blackbook does not have any other connection with the Company.

Jennifer is an experienced digital and e-commerce executive with a background in digital transformation and brand marketing, particularly in the lifestyle and clothing sector. Jennifer is the co-founder of REVL, the events app, and has wide experience working with technology led start-ups.

On 19 February 2018, Anita Balchandani resigned from the Board and associated committees following her acceptance of a new full-time role which does not permit her to hold any non-executive positions.

In addition to the above directorate changes, the Nomination Committee considered long-term succession planning including the timing and the process for recruitment and transition during the period.

DIVERSITY

Boardroom diversity, including gender, is an important consideration when assessing a candidate's ability to contribute to, and complement the abilities of, a balanced Board. We strongly support the principle of boardroom diversity, as evidenced by Anne Sheinfield's tenure from June 2010 to 29 September 2017, and the appointments of Jennifer Roebuck and Anita Balchandani.

Our Board appointments will always be made on merit against objective criteria, and this will continue to be the priority rather than aiming to achieve an externally prescribed diversity target.

The Group continues to support the development and progression of all employees, with the aim of maintaining and achieving diversity throughout all levels of the organisation.

David Bernstein CBE
Chairman of the Nomination Committee
22 March 2018


TED BAKER
LONDON
LOOKING OUT
FOR YOU
Since 1988

DIRECTORS' REMUNERATION REPORT

PART A: ANNUAL STATEMENT

DEAR SHAREHOLDER,

I am pleased to present the Directors' Remuneration Report, which has been prepared on behalf of the Board by the Remuneration Committee in accordance with the requirements of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, and meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and the UK Corporate Governance Code.

The Remuneration Report is split into three parts:

- Part A: *The Annual Statement.*
- Part B: *The Directors' Remuneration Policy* which sets out the Company's policy on Directors' remuneration which was approved at the Annual General Meeting ("AGM") held on 13 June 2017, and the key factors that were taken into account in setting the policy. You will not be asked to vote on the Directors' Remuneration Policy this year, as it is only usually subject to a binding shareholder vote every third year following its approval.
- Part C: *The Annual Report* on Remuneration which sets out payments and awards made to Executive Directors and Non-Executive Directors during the 2017/18 financial year and details the synergy between Company performance and remuneration for that period.

2017/18 – A YEAR IN REVIEW

Our unique and talented teams are dedicated to developing the brand and furthering the growth of the business. Their commitment to take on diverse and complex challenges with passion and professionalism has increased the strength of the Ted Baker brand to deliver continued levels of profitability. However, while the Group has achieved a good performance in the year, challenging conditions meant that the stretch profit target for the annual bonus set at the beginning of the period has not been exceeded. As a result, no annual bonus payment to the Executive Directors or the wider employee population will be made.

I am pleased to report that the second award made under the shareholder-approved Ted Baker PLC Long-Term Incentive Plan 2013 (the "2013 LTIP") vested in full in April 2017. Both the share price and profit growth performance conditions were confidently achieved. Furthermore, a fifth award of options was made under the 2013 LTIP Scheme in April 2017. This award of options carries the equivalent share price and profit growth performance conditions as the four previous awards and will vest in April 2020.

At the AGM held on 13 June 2017, the last period's Directors' Remuneration Report (excluding the Remuneration Policy) was approved by 99.5% of shareholders, and the new Directors' Remuneration Policy was approved by 95.2% of shareholders. As such, the Remuneration Policy will apply for the three years from 13 June 2017. The high level of shareholder approval confirms our approach to remuneration, which is intended to attract, motivate and retain high quality management.

DIRECTORS' REPORT

2018/19 – THE YEAR AHEAD

The Remuneration Committee has proposed a 1.8% and 2.0% increase in the basic salaries of the Chief Executive Officer and Chief Operating Officer and Group Finance Director respectively. The increase was determined after considering inflation and other global economic factors. This is broadly consistent with the salary increases for employees across the Group where a 1.5% increase has been introduced by reference to a pay for performance model with direct linkage to the successful achievement of key business objectives. This Group methodology for rewarding individual performance ensures that each individual employee is challenged on achieving goals linked with their departmental and wider business objectives. While in its infancy, measures directly linked to strategic objectives are providing greater awareness, ownership and contribution. Exceptional increments above the pay for performance increment are reserved for significant change in role or responsibilities, market value at the median level, and relative value to Ted.

Awards will be made to Executive Directors under the annual bonus scheme and the LTIP. These awards will be subject to share price and profit growth performance conditions as set out in the Directors' Remuneration Policy. These performance conditions have enabled consistent incremental development of Ted's business model enhancing our position as a leading global lifestyle brand.

The Gender Pay Gap Report will be published on the investor relations website at http://www.tedbakerplc.com. The Remuneration Committee will review this report and is committed to ensuring equitable pay considerations across gender and relative scaled roles.

IN CONCLUSION

Part B of this Report contains the Directors' Remuneration Policy, as approved by shareholders. Part C, the Annual Report on Remuneration, provides further details on remuneration during the period.

I would like to thank you for your ongoing support.

Andrew Jennings
Chairman of the Remuneration Committee
22 March 2018

PART B: DIRECTORS' REMUNERATION POLICY

REMUNERATION POLICY

The policy described in this section was approved by shareholders on 13 June 2017 at the Company's Annual General Meeting and applies for three years commencing on that date. No changes have been made to the policy since it came into effect on that date. The policy can be found in the Group's annual accounts for the year ended 28 January 2017 at www.tedbakerplc.com. The original policy approved by shareholders on 10 June 2014 can be found in the Group's annual accounts for the year ended 25 January 2014 at www.tedbakerplc.com.

The aim of the Group's remuneration policy is to attract, motivate and retain high quality management. The policy is designed to incentivise senior executives according to the levels of value generated for shareholders, and to use performance metrics that create a strong linkage between senior management remuneration and business performance over the short and the longer term.

The total breadth of the remuneration package is evaluated upon comparison with the individual components and total reward value of packages offered within similar companies, having regard to:

- the size of the Company, its turnover, profits and number of people employed;
- the diversity and complexity of the business;
- the geographical spread of the business; and
- the growth and expansion profile.

We use target performance to estimate the total potential reward and benchmark it according to the criteria outlined above. External benchmarking analysis is commissioned as and when required to ensure that we remain competitive within the broader retail sector and with other companies of similar size. The latest benchmarking report was carried out during the prior period and the results presented to the Remuneration Committee in February 2017. This used a comparator model of the median salary of the CEO role in similar companies using the criteria above, and structured on a percentage scaling for relative levels within the Executive Management Board group.

Remuneration packages for Executive Directors are structured to provide a balance between fixed basic salary and variable remuneration based on individual and Group performance.

Non-Executive Directors are remunerated with fees in line with market rates. They do not receive any pension or other benefits, other than the reimbursement of reasonable expenses, and they do not participate in any bonus or share schemes. In the period, benchmarking of Non-Executive Director fees was undertaken and the recommended changes actioned.

SHORT AND LONG-TERM REMUNERATION

Group policy is to use fixed annual elements of remuneration such as salary, pension and benefits to recognise the status of our Executive Directors and to ensure current and future market competitiveness.

The use of short-term annual bonus incentives and Long-Term Incentive Plans ("LTIPs") provides a direct link between remuneration and KPI's. It also creates a synergy between the Executive Directors' personal return and the return to investors.

Both the short and long-term incentives are used to motivate and reward them for sustaining and growing the success of the Ted Baker Group.

REMUNERATION POLICY TABLE – EXECUTIVE DIRECTORS

ELEMENT	MAXIMUM POTENTIAL	OPERATION AND LINK TO STRATEGY	PERFORMANCE TARGETS AND TIME PERIOD
BASE SALARY	No maximum salary but annual increases will be broadly consistent with increase in base salary of wider employee population unless there is a change in role or responsibility, or where periodic benchmarking demonstrates that the overall remuneration package falls below the Group's policy of the targeted median level.	Salary reviewed annually and reflects the role and sustained value of the individual in terms of skills, experience and contribution. Increases will be applied taking into account inflation and global economic conditions, and are in line with wider employee increases, unless the results of benchmarking reports demonstrate a further increase is necessary to achieve targeted median level for any Executive Director.	N/A
ANNUAL BONUS*	Up to 100% of base salary.	Drives and rewards annual performance. Profit targets are reviewed annually at the start of the financial period. Payment is determined by the Remuneration Committee following the end of the financial period.	Achievement of profit before tax, annual bonus and exceptional/ non-recurring items against targets* for the financial period. The Remuneration Committee reserves the right to make adjustments if the outcome does not reflect underlying performance. Threshold vesting is 0%. Malus and clawback provisions introduced for annual bonus payments made after 1 April 2017. Malus can be applied up to the date of payment. Clawback can be applied for a period of two years after the date of payment.
LTIPS**	Annual award of up to 150% of base salary. The Remuneration Committee has the right to award up to 200% of basic salary in exceptional circumstances.	Annual award of options over shares which vest dependent on the achievement of profit targets with a share price underpin. Drives the overall business strategy and objectives, and aligns the interests of shareholders and the executive team over the longer term.	25% vesting if compound annual growth of profit before tax per share of 10% over the three year performance period beginning with the financial period in which the awards are made, rising to 100% vesting at 15% growth.** Share awards will only vest if the share price has risen by 10% over the 3 year period commencing on the date that the awards are made. Dividends are only paid on LTIP options which have vested and been exercised. Malus and Clawback provisions introduced for Awards made after 1 April 2017. Malus can be applied up to the date of vesting. Clawback can be applied for a period of two years after the date of vesting. Performance conditions for future awards may vary but the Remuneration Committee will consult with shareholders on any major changes proposed.
THE TED BAKER SHARESAVE SCHEME	All Executive Directors, excluding Ray Kelvin, have the option to save up to the statutory limit towards options over shares in Ted Baker Plc over any three or five year period.	To align the interests of Executive Directors with the long-term interests of the shareholders.	N/A

ELEMENT	MAXIMUM POTENTIAL	OPERATION AND LINK TO STRATEGY	PERFORMANCE TARGETS AND TIME PERIOD
SHARE OWNERSHIP GUIDELINES	N/A	Increase alignment between the Executive Directors and shareholders. Shows a clear commitment by Executive Directors to creating value in the long term.	The guideline encourages existing Executive Directors to hold a minimum 200% of base salary in shares. Any new Executive Director is encouraged to hold at least 100% of base salary in shares. Shareholding for new Executive Directors can be acquired over five years.
RETIREMENT BENEFITS	All Executive Directors excluding Ray Kelvin are entitled to pension contributions to a money purchase scheme of up to 12.5% of base salary.	Positioned to ensure broad competitiveness with market practice.	N/A
OTHER BENEFITS	Entitlements include car allowance and medical expense insurance.	Maximum car allowance entitlements are based on the estimated costs of running a private car.	N/A

NOTES TO THE EXECUTIVE DIRECTORS' POLICY TABLE

***Annual bonus**
Profit targets are set by the Remuneration Committee at the start of the financial year by reference to internal budgets and taking account of consensus market expectations for profit before tax and exceptional/non-recurring items. Market expectations for profit are considered a key measure of business performance for our shareholders.

The funds available for payment of the annual bonus are determined by the achievement of profit before tax, annual bonus and exceptional/non-recurring items in a financial period in excess of the target.

The maximum bonus payable to employees is capped as a percentage of base salary which varies according to individual contracts. The maximum annual bonus payable to an Executive Director is capped at 100% of base salary.

****LTIPs**
In arriving at the performance criteria for the 2013 LTIP, the comparator group used for benchmarking purposes consisted of listed companies in the retail sector and other companies with similar enterprise value to Ted Baker.

This scheme was introduced in July 2013 for Executive Directors and other senior executives across the Group. The criteria used to measure performance are growth targets based on adjusted profit before tax per share over the performance period and share price growth over the award period. The profit per share growth targets were set following consideration of consensus market analyst expectations and the share price growth target was agreed in consultation between the Remuneration Committee and shareholders.

The Remuneration Committee felt that these criteria were appropriate for the Group in view of its investment in expansion and should encourage management to focus on longer-term profitable growth.

The share price growth target has been favoured over a total shareholder return ("TSR") based measure because the unique profile of the Group's business means that a readily comparable TSR benchmark was not available. A commitment has, however, been made to apply the existing dividend policy consistently.

REMUNERATION POLICY TABLE – NON-EXECUTIVE DIRECTORS

The Board aims to recruit high-calibre Non-Executive Directors ("NEDs") with broad commercial, international or other relevant experience. The remuneration policy for NEDs is set by the Board having taken account of the fees paid by other companies of a similar size and complexity. A benchmarking exercise of NED fees was undertaken in the period.

When recruiting NEDs, the remuneration arrangements offered will generally be in line with those set out in the Non-Executive Directors' Remuneration Policy Table below.

APPROACH TO SETTING FEES	BASIS OF FEES	OTHER ITEMS
Fees are reviewed at appropriate intervals taking into account the time commitment expected and practice in peer companies of a similar size, sector and complexity.	Each NED is paid a basic fee for undertaking Non-Executive Director and Board duties. A higher fee is typically paid to the Chairman of the Board. Non-Executive Director fees are not subject to clawback or withholding arrangements.	The NEDs do not participate in the Group's annual bonus scheme, long-term incentive plans, health care arrangements or employee share schemes and do not receive any retirement benefits. The Group provides each NED with relevant liability insurance for the duration of their appointment. NEDs are reimbursed for reasonable expenses, none of which comprises taxable benefits. All NEDs stand for reappointment on an annual basis at every AGM.

DIFFERENCES IN REMUNERATION POLICY FOR ALL EMPLOYEES

A consistent remuneration approach is applied at all levels throughout the Group, except as outlined below, to ensure that business strategy and performance are aligned and that the total reward is sufficient to attract and retain high-performing and talented individuals.

All employees of Ted Baker are entitled to a base salary, access to a discretionary company and individual performance based annual or periodic bonus and a range of benefits dependent upon their role within the Group. The maximum potential annual base salary increase in any one year is consistent across all employees via a pay for performance scheme. Any exceptional increase to base salary is structured around specific criteria linked to significant change in role or level of responsibility, market value at a median level, value to Ted and cross departmental equality for like roles. The maximum opportunity for bonus and benefits is based on seniority, responsibility and function of the role.

Conditional long-term share awards are only available to Executive Directors and other members of senior management across the Group. Share option grants under the Ted Baker Sharesave scheme are available to all UK employees.

Malus and clawback provisions for Executive Director annual bonus payments and awards made under the 2013 LTIP after 1 April 2017 are similarly applied to senior members of the Group management team.

STATEMENT OF CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

The Group Head of Human Resources presents to the Remuneration Committee at its General Meeting in February of each year on proposed pay for performance salary increment potential for the general employee population and on any changes to remuneration policy within the Group. The Remuneration Committee limits any increases in base salary for Executive Directors so that they are broadly in line with the mechanics applied across the general employee population for pay for performance and exceptional increases as detailed above. This includes the ability to make incremental changes if the salary and total reward falls below the targeted median range.

Proposed remuneration arrangements are discussed with employee communication groups and senior management. The Remuneration Committee does not specifically invite employees to comment on the Executive Directors' remuneration policy but any comments made by employees are taken into account.

As well as benchmarking the remuneration packages of an Executive Director peer group as and when required, any benchmarking exercise undertaken which subsequently underpins the Group's remuneration policy for Executive Directors also considers the remuneration levels of other senior executives within the Group.

The Remuneration Committee continues to support its established commitment to the Company policy of targeting total remuneration levels for senior management and employees across the Group within the median range in order to retain and reward key individuals.

SERVICE CONTRACTS AND POLICY OF PAYMENTS FOR LOSS OF OFFICE

STANDARD PROVISION	POLICY	DETAILS	OTHER PROVISIONS IN SERVICE CONTRACTS
Notice periods in Executive Director service contracts	Twelve months' notice from the Company. Twelve months' notice from the Executive Director.	Executive Directors may be required to work during their notice period, be placed on gardening leave for all or part of the notice period or be provided with pay in lieu of notice if not required to work the full period of notice.	Executive Directors' service contracts include non-compete and non-poaching provisions.
Compensation for loss of office in service contracts	No more than twelve months' salary, pension and benefits (excluding bonus).	Payable monthly and adjusted if the Executive Director obtains alternative employment.	N/A
Treatment of annual bonus on termination	No payment unless employed on the date of payment of bonus except for "good leavers". The Remuneration Committee retains discretion to determine whether an Executive Director is a "good leaver" taking account of circumstances including in particular death, disability and redundancy.	"Good leavers" are entitled to a bonus pro-rated to the period of service during the period provided the financial targets have been achieved and all necessary conditions have been met. The Remuneration Committee has discretion to reduce the entitlement of a "good leaver" in line with performance and the circumstances of the termination.	N/A
Treatment of unvested and deferred share awards on termination under plan rules	All awards lapse except for "good leavers" (e.g. on death, disability, ill health, injury, retirement, redundancy). The Remuneration Committee retains discretion to treat an Executive Director as a "good leaver" in other circumstances.	For "good leavers", the extent of vesting is at the discretion of the Remuneration Committee taking account of performance to date of leaving and pro-rated for period of employment in the vesting period for the award. The Remuneration Committee's discretion to treat an Executive Director as a "good leaver" will take into account the particular circumstances of the Executive Director's departure.	N/A
Treatment of unvested and deferred share awards in the event of a change in control of the Group		In the event of a change in control of the Group prior to the end of the period set for achievement of performance targets the performance period will be shortened to the date of change of control and awards will vest on change of control based on the extent to which any performance conditions are satisfied by reference to that shortened performance period. If the change of control occurs after the end of the performance period, awards will vest on change of control to the extent that the performance conditions have been satisfied.	N/A
Outside appointments	Executive Directors may accept one board appointment in another listed company.	The Remuneration Committee Chairman's approval must be sought before accepting appointment. Fees may be retained by the Executive Director.	N/A
Non-Executive Directors	NEDs have letters of appointment with the Company which provide: Three to six months' notice from the Company. Three to six months' notice from the NED.	NEDs may be required to work during the notice period, be placed on gardening leave for all or part of the notice period, or may be provided with pay in lieu of notice if not required to work the full period of notice.	N/A

CONTRACTS OF SERVICE AND LETTERS OF APPOINTMENT

Each Executive Director has a service contract. Service contracts and letters of appointment are available for inspection at the registered office. The Board sets NEDs' fees.

	DATE OF SERVICE CONTRACT/LETTER OF APPOINTMENT	UNEXPIRED TERM	NOTICE PERIOD	PROVISION FOR COMPENSATION
David Bernstein	24/1/2003	N/A	6 months	None
Ray Kelvin	17/7/1997	N/A	12 months	None
Lindsay Page	17/7/1997	N/A	12 months	None
Ron Stewart	1/4/2017	2 years 2 months	3 months	None
Anne Sheinfield*	1/4/2017	N/A*	3 months	None
Andrew Jennings	1/4/2017	2 years 2 months	3 months	None
Anita Balchandani**	29/9/2017	2 years 8 months**	3 months	None
Jennifer Roebuck	29/9/2017	2 years 8 months	3 months	None

*Anne Sheinfield resigned as Non-Executive Director after more than seven years in the role on 29 September 2017.
**Anita Balchandani resigned as Non-Executive Director on 19 February 2018.

RECRUITMENT REMUNERATION

The Group's strong brand identity, cultural and family ethos engages and attracts talented candidates of a high calibre. If required, external recruitment agencies are engaged to support the search for specialist roles however the employer brand enables significant attraction through our own direct hiring sources.

The Remuneration Committee's approach to recruitment remuneration is to set pay levels at the comparable internal rate and no more than is necessary to attract candidates with the appropriate level of skill and experience to the role. The Remuneration Committee retains the principle of a median level total remuneration package when benchmarking for new and senior roles.

In order to attract key talent to Ted Baker, the Remuneration Committee will, in certain circumstances, consider making a buy-out award to compensate a candidate for losses incurred by leaving a previous employer to join the Group. The specifics of any buy-out award would be dependent on the individual circumstances of recruitment and would not be considered as regular practice and nor would the Remuneration Committee commit to matching any expected value of awards. If a buy-out award were made, the Remuneration Committee would seek to make them on a like-for-like basis to ensure that the value awarded would be no greater than the value forfeited by the individual. The Committee may choose to apply performance conditions to these awards.

A relocation package within HMRC guidelines will be offered to Executive Directors who are required to relocate to take up their appointment within the Group.

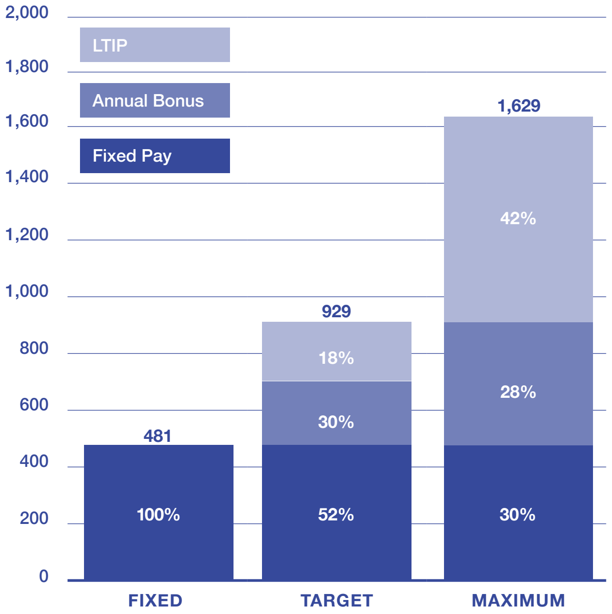
The remuneration package for any new Executive Directors would be made up of the same or broadly similar components to those used to reward existing Executive Directors of the Group. The remuneration package would comprise an appropriate mixture of fixed and variable remuneration as may be required to attract a candidate of appropriate skill and level of qualification. Minimum shareholding requirements would be set at a lower level for all new Executive Directors joining the Group.

Consistent with the policy applied to existing Executive Directors, the maximum variable pay elements for any new recruit would comprise annual bonus of up to 100% of base salary, and awards under the 2013 LTIP of up to 150% of base salary (200% in exceptional circumstances).

TOTAL REMUNERATION OPPORTUNITY

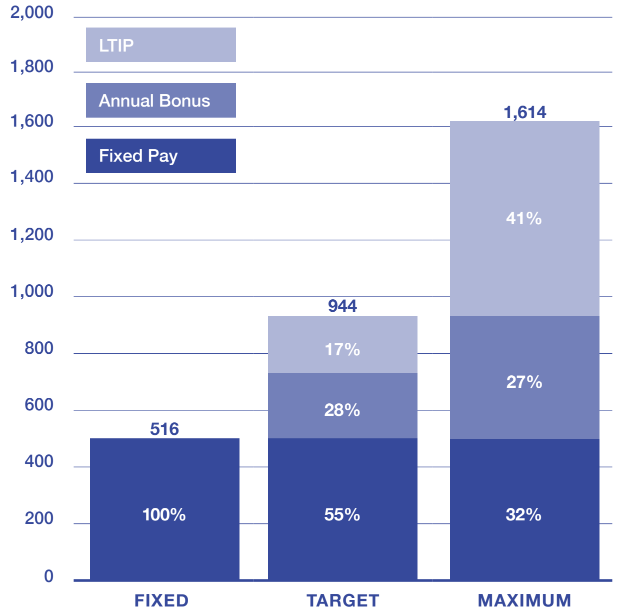
The total remuneration for each of the Executive Directors that could result from the remuneration policy in 2018/19 under three different performance scenarios is shown below:

RAY KELVIN



(Note: Figures are stated in £'000)

LINDSAY PAGE



(Note: Figures are stated in £'000)

NOTES:

Fixed pay is base salary plus pension and benefits for 2018/19.

Target performance is the level of performance required to deliver 60% of the maximum bonus and 25% of the full LTIP award and the scenario assumes that the share price growth target of 10% is met at the vesting date.

Maximum performance would result in a bonus payment of 100% of salary and 100% vesting of the LTIP award. Again, this assumes that the share price growth target is met.

For the purpose of the scenarios illustrated above, the LTIP variable amount is calculated by reference to basic salary at the percentage of the Award that would vest under each scenario.

STATEMENT OF CONSIDERATION OF SHAREHOLDER VIEWS

The Remuneration Committee reviews annual shareholder feedback on the Directors' Remuneration Report to ensure their views are given due consideration in forming the Company's remuneration policy. Feedback is sought from key shareholders on any major changes to components of executive remuneration, including the level of awards to be made and the performance targets in respect of the Company's long-term incentive schemes.

In 2013 the Remuneration Committee consulted with key shareholders on the design of the Ted Baker PLC Long-term Incentive Plan 2013. The consultation included consideration of the move from a single performance period spanning three years to rolling annual awards, performance metrics and conditions, and the level of awards. A number of meetings were held with key shareholders to discuss their comments and feedback before the scheme was finalised and approved at the General Meeting on 20 June 2013.

During 2016/17 a review of the ongoing suitability of the design of the 2013 LTIP was undertaken. It was concluded that the design of the 2013 LTIP and its performance conditions remained appropriate for the Company and no significant changes were proposed. The only amendment to the 2013 LTIP in the Directors' Remuneration Policy was the introduction of malus and clawback provisions to awards made after 1 April 2017. This was approved by shareholders in a binding shareholder vote at the 13 June 2017 Annual General Meeting.

In accordance with the views shared by shareholders, malus and clawback provisions were also proposed and agreed by shareholders on 13 June 2017 for bonus payments made after 1 April 2017. These measures protect shareholder interests and, taken together with the introduction of minimum shareholding guidelines help align the interests of shareholders with the executive team.

PART C: ANNUAL REPORT ON REMUNERATION

The tables below set out in a single figure the total amount of remuneration, including each element, received by each of the Executive and Non-Executive Directors for the periods ended 27 January 2018 and 28 January 2017.

DIRECTORS' SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

PERIOD ENDED 27 JANUARY 2018	SALARY	BENEFITS*	PERFORMANCE RELATED BONUS	LONG-TERM INCENTIVE PLANS**	PENSION	TOTAL 2018
	£'000	£'000	£'000	£'000	£'000	£'000
EXECUTIVE						
Ray Kelvin	451	18	-	852	-	1,321
Lindsay Page	434	18	-	796	54	1,302
NON-EXECUTIVE						
David Bernstein	83	-	-	-	-	83
Ron Stewart	58	-	-	-	-	58
Anne Sheinfield	50	-	-	-	-	50
Andrew Jennings	54	-	-	-	-	54
Anita Balchandani	19	-	-	-	-	19
Jennifer Roebuck	19	-	-	-	-	19
	1,168	36	-	1,648	54	2,906

PERIOD ENDED 28 JANUARY 2017	SALARY	BENEFITS*	PERFORMANCE RELATED BONUS	LONG-TERM INCENTIVE PLANS**	PENSION	TOTAL 2017
	£'000	£'000	£'000	£'000	£'000	£'000
EXECUTIVE						
Ray Kelvin	445	15	-	757	-	1,217
Lindsay Page	425	18	-	702	53	1,198
NON-EXECUTIVE						
David Bernstein	70	-	-	-	-	70
Ron Stewart	50	-	-	-	-	50
Anne Sheinfield	50	-	-	-	-	50
Andrew Jennings	50	-	-	-	-	50
	1,090	33	-	1,459	53	2,635

*Benefits comprise private medical insurance, car benefits and the discount on any SAYE options granted during the period.
**The value of LTIPs included in the Directors' single total figure of remuneration tables above relates to Award 2 of the 2013 LTIP which vested in full on 30 April 2017 (2016: Award 1 of the 2013 LTIP which vested in full on 2 July 2016). The value included is calculated using the number of options that vested at the share price on the date the Award vested (£28.07), less the cost of exercise (nominal cost of 5p per ordinary share).

ANNUAL RATES OF SALARY IN FORCE DURING THE PERIOD

	£'000
Ray Kelvin	
29 January 2017–31 March 2017	445
1 April 2017–27 January 2018	452
Lindsay Page	
29 January 2017–31 March 2017	425
1 April 2017–27 January 2018	431

ANNUAL BONUS (AUDITED)

For the financial period ended 27 January 2018, the financial targets set at the beginning of the period were not exceeded, and therefore no bonus was achieved.

ACTUAL PERFORMANCE AGAINST PERFORMANCE TARGETS (AUDITED)
PERFORMANCE RELATED BONUS

The profit targets for the annual bonus and the extent of their achievement are summarised in the table below (straight-line interpolation between points in the range).

	THRESHOLD BONUS 2018	MAXIMUM BONUS 2018	ACTUAL PERFORMANCE 2018
Profit target*	£77.3m	£85.3m	£73.5m
Percentage of bonus payable to Ray Kelvin	0%	100%	0%
Percentage of bonus payable to Lindsay Page	0%	100%	0%

*The profit target is arrived at after adjusting profit before tax for exceptional items and annual bonus, as explained earlier in the Directors' Remuneration Policy.

LONG-TERM INCENTIVE SCHEMES (AUDITED)
AWARDS UNDER THE TED BAKER PLC LONG-TERM INCENTIVE PLAN 2013 (AUDITED)

During the period, the second award granted under the 2013 LTIP vested in full on 30 April 2017. The table below summarises actual outcomes against the performance conditions set for that Award.

	PERFORMANCE CONDITIONS	
	SHARE PRICE INCREASE UNDERPIN*	PROFIT PER SHARE GROWTH**
Threshold performance target	10.0%	10.0%
Maximum performance target	10.0%	15.0%
Actual performance achieved	30.5%	17.8%
Percentage of maximum achieved	100%	100%

*Based on base average six month share price at the award date of £21.03 and the six month average at the vesting date of £27.45.
**Based on base profit per share in 2013/14 of 91.1p and final profit per share of 148.9p in 2016/17.

Awards made under the 2013 LTIP are subject to performance conditions of compound annual growth in profit before tax and exceptional items per share over the three year performance period and share price growth over the three year award period as detailed below.

PERFORMANCE CONDITIONS	THRESHOLD	TARGET	STRETCH	SUPER-STRETCH
Adjusted profit before tax per share	10%	12%	13.5%	15%
Share price growth*	10%	10%	10%	10%

*Share awards will only vest if the share price has risen by 10% over the three year period commencing on the date that the awards are made.

EXECUTIVE DIRECTORS' INTERESTS IN THE COMPANY'S SHARE SCHEMES (AUDITED)

	DATE OF GRANT	MAXIMUM RECEIVABLE AT 28 JANUARY 2017	AWARDED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	MAXIMUM RECEIVABLE AT 27 JANUARY 2018	OPTION PRICE (PENCE)	SHARE PRICE ON DATE OF GRANT (PENCE)	SHARE PRICE ON DATE OF EXERCISE (PENCE)	EXERCISE PERIOD/ VESTING DATE
Ray Kelvin										
2013 LTIP	3 July 2013	32,106	-	(32,106)	-	-	5.0	1,705.0	2,760.0	2 July 2016 - 2 July 2023
	1 May 2014	30,421	-	(30,421)	-	-	5.0	1,849.0	2,760.0	30 April 2017 - 30 April 2024
	30 April 2015	23,380	-	-	-	23,380	5.0	2,855.0	-	29 April 2018 - 29 April 2025
	5 May 2016	28,236	-	-	-	28,236	5.0	2,364.0	-	4 May 2019 - 4 May 2026
	6 April 2017	-	24,574	-	-	24,574	5.0	2,757.0	-	5 April 2020 - 5 April 2027
TOTAL		114,143	24,574	(62,527)	-	76,190				
Lindsay Page										
2013 LTIP	1 May 2014	28,393	-	(28,393)	-	-	5.0	1,849.0	3,050.0	30 April 2017 - 30 April 2024
	30 April 2015	22,329	-	-	-	22,329	5.0	2,855.0	-	29 April 2018 - 29 April 2025
	5 May 2016	26,967	-	-	-	26,967	5.0	2,364.0	-	4 May 2019 - 4 May 2026
	6 April 2017	-	23,469	-	-	23,469	5.0	2,757.0	-	5 April 2020 - 5 April 2027
SAYE	20 May 2014	1,875	-	-	-	1,875	1,600.0	2,000.0	-	1 July 2019 - 1 January 2020
TOTAL		79,564	23,469	(28,393)	-	74,640				

LTIP awards granted in respect of Ray Kelvin and Lindsay Page represent 22% of the total number of LTIP awards granted during the period (2017: 24%). The balance included other senior executives across the Group.

DIRECTORS' SHAREHOLDING (AUDITED)

The Directors who held office during the period and at 27 January 2018 had the following interests, including family interests, in the shares of the Company.

		UNVESTED		VESTED BUT UNEXERCISED	
Director	Shares beneficially owned as at 27 January 2018	Share options granted under 2013 LTIP subject to performance conditions	Share options granted under Ted Baker Sharesave Scheme without performance conditions	LTIP 2013 share options	Shareholding guideline met
Ray Kelvin	15,540,280	76,190	-	-	Yes
Lindsay Page	81,229	72,765	1,875	-	Yes
David Bernstein	6,000	-	-	-	N/A
Ron Stewart	334	-	-	-	N/A
Andrew Jennings	5,005	-	-	-	N/A
Anita Balchandani	-	-	-	-	N/A
Jennifer Roebuck	-	-	-	-	N/A
Anne Sheinfield	-	-	-	-	N/A

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

No payments were made in the period for loss of office (2017: £nil).

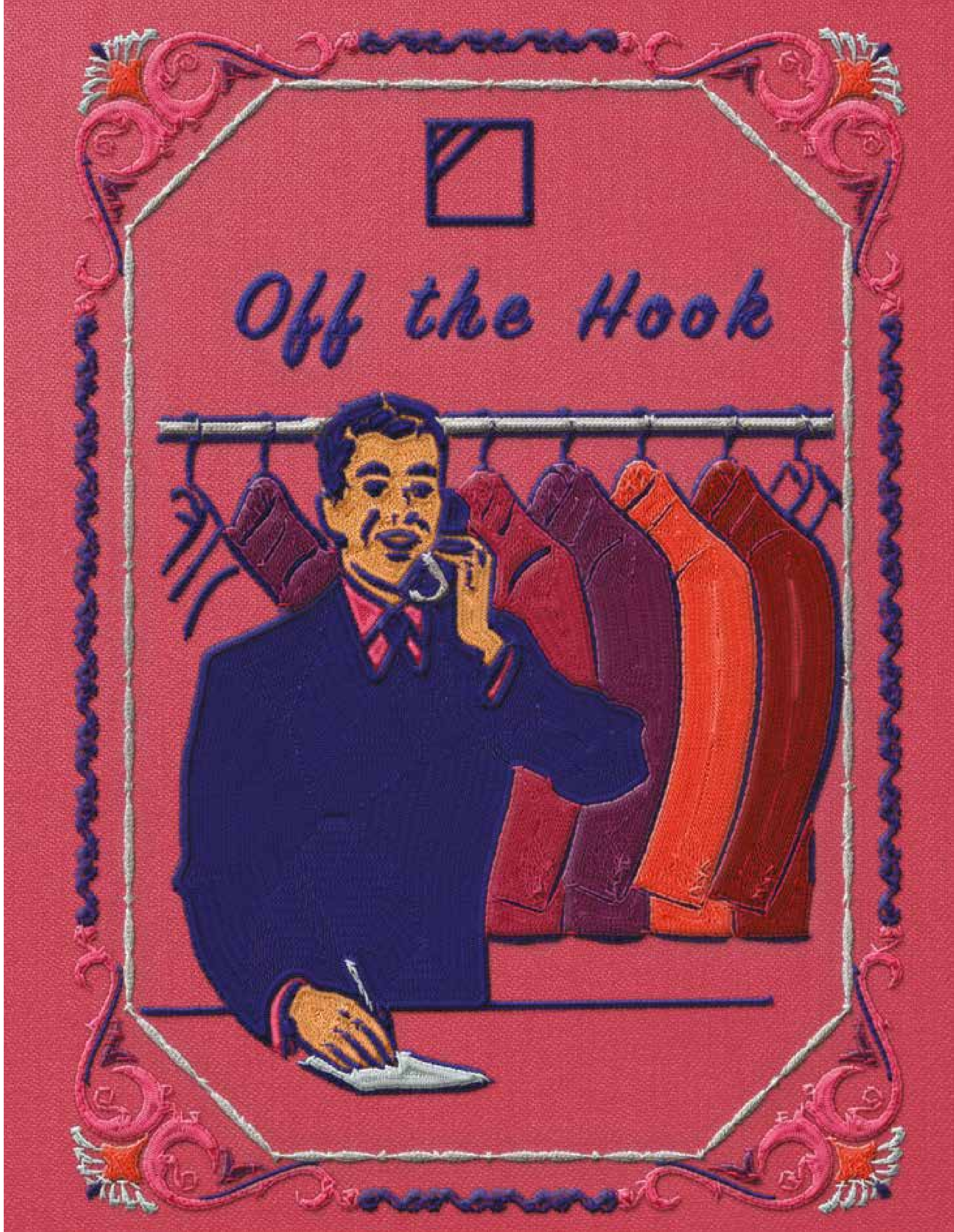
PAYMENTS TO PAST DIRECTORS (AUDITED)

No payments were made in the period to past Directors (2017: £nil).

PERFORMANCE GRAPH AND TABLE

The following graph charts the total cumulative shareholder return of the Company from January 2009 to January 2018.

The graph above shows the Company's performance against the FTSE All Share Personal Goods index, the sector against which it is tracked by market analysts, and also against the FTSE All Share index to illustrate the Company's performance in the general market.



CEO REMUNERATION

For the financial periods ended:

	2010	2011	2012	2013	2014	2015	2016	2017	2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total remuneration	493 Note 1	527 Note 1	569 Note 1	4,126 Note 2	701	757	665	1,217 Note 3	1,321 Note 4
% of maximum performance related bonus paid	75%	76%	67%	0%	90%	100%	50%	0%	0%
% of maximum LTIP vesting	0%	0%	0%	100%	0%	0%	0%	100%	100%

Note 1: The performance criteria in respect of LTIP schemes due to vest in these years were not met and therefore no value crystallised under these schemes.

Note 2: The amount included in total remuneration in respect of variable LTIP awards in 2013 comprises the number of nil-cost option awards vesting under the Ted Baker 2009 Value Creation Plan in August 2012 at the share price on the date the awards first became exercisable. Under this scheme awards converted into a number of options which was dependent upon the satisfaction of various performance targets. These options were exercisable over two tranches, the first in October 2012 and the second in October 2013.

Note 3: The first of the awards made under the Ted Baker PLC Long-Term Incentive Plan 2013 vested in full in July 2016.

Note 4: The second of the awards made under the Ted Baker PLC Long-Term Incentive Plan 2013 vested in full in April 2017. Subsequent awards will vest, dependent on performance conditions being met, annually in future years.

PERCENTAGE CHANGE IN CEO'S REMUNERATION

The table below shows how the percentage change in the CEO's total remuneration excluding share-based payments in 2017 and 2018 compares with the percentage change in the average remuneration for all employees within the Group over the same period.

	SALARY AND BENEFITS CHANGE	ANNUAL BONUS CHANGE
Chief Executive Officer	2.0%	0%*
All Employees	(1.1)%	0%*

*The percentage change is 0% as no bonus was paid in either year.

RELATIVE IMPORTANCE OF SPEND

The following table sets out the percentage change in dividends and employee remuneration for the period ended 28 January 2017, compared to the period ended 30 January 2016.

	2018	2017	PERCENTAGE CHANGE
	£'000	£'000	
Dividends*	26,723	23,658	13.0%
Employee Remuneration	94,320	87,624	7.6%

*The value of dividends disclosed is the total interim dividend paid during the period and the final dividend proposed for the respective period.

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN THE FOLLOWING FINANCIAL PERIOD

The Remuneration Policy in effect during the period was approved at the Annual General Meeting on 13 June 2017 and took effect for the three years commencing on that date.

The Remuneration Committee approved base salaries that will be in force from 1 April 2018 of £460,000 for the Chief Executive Officer and £440,000 for the Chief Operating Officer and Group Finance Director. The 1.8% and 2.0% increases in the base salary of these Executive Directors was determined after considering inflation and other global economic factors, and is broadly consistent with the general increase available in the Company pay for performance model for employees across the Group.

There is no increase in the fees payable to Non-Executive Directors in 2018/19. Fees were increased in the year with effect from 1 April 2017 following the conclusions of an external benchmarking report carried out during the period, which revealed that previous fees were below median and therefore fees were increased to be consistent with Company policy to remunerate at a median level.

The target profit before tax, annual bonus and exceptional items, on which the 2018/19 annual bonus is based, is derived after considering consensus market analyst expectations and maximum bonus pool thresholds in line with the existing annual bonus policy. The target for the 52 weeks ending 26 January 2019 is not disclosed for reasons of commercial sensitivity, but will be disclosed in the annual accounts for that period.

A further award of options under the 2013 LTIP will be made during the current financial year. Awards to Executive Directors under this scheme will likely be based on up to 150% of basic salary. However, the Board has approval from shareholders to grant awards of up to 200% of basic salary under this scheme in exceptional circumstances. The performance criteria for the next round of 2013 LTIP awards will be the same as those applied to the five awards previously made under the 2013 LTIP scheme, that is, profit per share growth with a share price increase underpin of 10%. Details of the profit per share growth targets for the 2018/19 awards will be disclosed on the vesting of those awards.

REMUNERATION COMMITTEE AND ADVISERS

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for setting the remuneration packages of the Executive Directors of the Board and other senior executives who fall within the scope of the Remuneration Committee. It approves all service contracts and other contracts between the Company and its Executive Directors and senior executives and, if thought fit, approves any outside interests and other directorships of the Executive Directors. The Remuneration Committee also reviews and approves the design of the Company's long-term incentive schemes and determines the level of awards to be made and approves the performance targets.

The Remuneration Committee is chaired by Andrew Jennings in an acting capacity and its other members are David Bernstein and Ron Stewart. Ron Stewart and Andrew Jennings are independent NEDs as noted in the corporate governance statements. In line with Provision D.2.1 of the Code, David Bernstein, as Non-Executive Chairman, may be a member, but not chair the Remuneration Committee, as he was considered to be independent on appointment.

The terms of reference for the Remuneration Committee are available on the Company's website at www.tedbakerplc.com.

ADVISERS

During the period, the Remuneration Committee was assisted in its work by PwC, who was appointed by the Company in consultation with the Remuneration Committee. PwC is retained by the Remuneration Committee as its independent executive remuneration adviser. The Remuneration Committee assesses advice provided by PwC from time to time to consider whether it is independent. Comfort is obtained from PwC's adherence to the Remuneration Consultants Group Code of Conduct.

ADVISER	APPOINTED BY	SERVICE PROVIDED TO THE REMUNERATION COMMITTEE	FEES BASED ON HOURLY RATES	OTHER SERVICES PROVIDED TO THE COMPANY
PricewaterhouseCoopers LLP	Company	Review of LTIP design and performance conditions Review of Directors' Remuneration Report	£14,140	Tax, legal, project management, accounting and internal audit services to the Group

STATEMENT OF VOTING AT GENERAL MEETING

At the last Annual General Meeting, votes on the Remuneration Report (excluding the Directors' Remuneration Policy) were cast as follows.

	FOR % NUMBER	AGAINST % NUMBER	WITHHELD NUMBER	REASONS FOR VOTES AGAINST, IF APPLICABLE	ACTION TAKEN BY REMUNERATION COMMITTEE
Approval of the 2017 Directors' Remuneration Report	99.47% 38,562,292	0.53% 204,213	8	The number of votes against the Remuneration Report was not considered to be significant	N/A

The Directors' Remuneration Policy is subject to a binding vote by shareholders every three years and was last approved at the Annual General Meeting held on 13 June 2017.

	FOR % NUMBER	AGAINST % NUMBER	WITHHELD NUMBER	REASONS FOR VOTES AGAINST, IF APPLICABLE	ACTION TAKEN BY REMUNERATION COMMITTEE
Approval of Directors' Remuneration Policy included within the 2017 Directors' Remuneration Report	95.23% 35,496,307	4.77% 1,777,901	1,492,305	The number of votes against the updated policy was not considered to be significant	N/A

The Directors' Remuneration Report was approved on behalf of the Board on 22 March 2018 and signed on its behalf by:

Andrew Jennings
Chairman of the Remuneration Committee
22 March 2018

OTHER STATUTORY AND REGULATORY DISCLOSURES

The Directors present their annual report on the affairs of the Group, together with the accounts and auditors' report, for the 52 weeks ended 27 January 2018. The comparative period is for the 52 weeks ended 28 January 2017.

The information on the following pages, together with the sections of the Annual Report incorporated by reference, constitutes the Strategic Report:

- Chairman's Statement on page 4
- Business Model and Strategy on page 8
- Business Review on page 12
- Financial Review on page 18
- The use of financial instruments on page 118
- Indication of likely future developments on page 44
- Principal Risks and Uncertainties on page 22
- Sustainability on page 28
- People on page 32
- Employment of disabled persons on page 33
- Employee involvement on page 34
- Greenhouse Gas Emissions on page 30

The information on the following pages, together with the sections of the Annual Report incorporated by reference, constitutes the Directors' Report:

- Governance on page 38
- Board of Directors on page 36
- Other Statutory and Regulatory Disclosures on page 69

The Directors' Report also includes additional disclosures required by the UKLA's Disclosure and Transparency Rules and Listing Rules.

For the purposes of DTR 4.1.5R(2) and DTR 4.1.8, this Directors' Report and the Strategic Report comprise the Management Report.

SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings of the Group in the period are listed in Note 12 to the accounts. The Group also has branches operating in Eire and Portugal.

RESULTS AND DIVIDENDS

The audited accounts for the 52 weeks ended 27 January 2018 are set out on pages 82–126. The Group profit for the 52 weeks, after taxation, was £52.7m (2017: £46.6m). The Directors recommend a final dividend of 43.5p per ordinary share (2017: 38.8p) payable on 22 June 2018 to ordinary shareholders on the register on 18 May 2018 which, together with the interim dividend of 16.6p per share (2017: 14.8p per share) paid on 17 November 2017, makes a total of 60.1p per share for the period (2017: 53.6p per share). The Group maintains a dividend policy of broadly achieving a 2.1x dividend cover.

DIRECTORS

The Directors during the period were those listed on pages 36–37. Details of the Directors' beneficial interests in the shares of the Company are shown on pages 60–68. Details of their interests in share options are given in the Directors' Remuneration Report on page 50. Brief details of the career of each Director are set out on pages 36–37.

SUBSTANTIAL SHAREHOLDINGS

As at 27 January 2018, the Company had been notified, in accordance with the Disclosure Guidance and Transparency Rules (DTR5), of substantial interests in the ordinary share capital of the Company set out below. In addition, pursuant to LR9.8.6(2) the table below also sets out the changes in interests disclosed to the Company in accordance with DTR 5 between the end of the period and 13 April 2018.

	AS AT 27 JANUARY 2018		AS AT 13 APRIL 2018	
NAME OF HOLDER	NUMBER	% HELD	NUMBER	% HELD
Ray Kelvin	15,540,280	34.94%	15,540,280	34.94%
The Capital Global Companies, Inc	3,358,397	7.55%	3,214,397	7.23%
Standard Life Aberdeen	2,057,506	4.63%	2,040,092	4.59%
Aviva Plc	1,818,759	4.09%	1,783,316	4.01%
Wasatch Advisors	1,449,770	3.26%	1,448,102	3.26%
Baillie Gifford & Co.	1,422,559	3.20%	1,554,016	3.49%
Highclere International Investors	1,357,452	3.05%	1,357,452	3.05%
BlackRock Inc	N/A	N/A	1,382,907	3.11%

SHARE CAPITAL AND CONTROL

As at 27 January 2018, the Company's authorised share capital was 80,000,000 ordinary shares of 5p each (in nominal value). Details of the Company's share capital are shown in Note 20 to the consolidated financial statements on page 115. As at 27 January 2018 there were 44,474,208 ordinary shares in issue. The rights and obligations attaching to the Company's shares, in addition to those conferred on their holders by law, are set out in the Articles of Association. The holders of ordinary shares are entitled to receive all shareholder documents, attend and speak at general meetings of the Company, exercise all voting rights and to receive dividends and participate in other distributions of assets. The Company may not exercise any rights (such as voting rights) in respect of the treasury shares and the treasury shares carry no right to receive dividends or other distributions of assets. Other than as set out in the Articles of Association, the Company is not aware of any agreements between shareholders restricting the voting rights or the right to transfer shares in the Company.

The Directors were granted authority at the 2017 Annual General Meeting (the "2017 AGM") to allot shares in the capital of the Company up to an aggregate nominal amount of £736,169 (being approximately 33% of the total ordinary share capital in issue prior to the 2017 AGM). This authority is due to lapse at the Annual General Meeting in 2018 (the "2018 AGM"). At the 2018 AGM, shareholders will be asked to grant a similar allotment authority. The Directors were also empowered at the 2017 AGM to make non pre-emptive issues for cash up to an aggregate nominal amount of £110,425 (which, in line with the Pre-Emption Group Statement of Principles (the "Principles"), reflected the customary disapplication power over 5% of the issued ordinary share capital as it stood prior to the 2017 AGM), together with a further 5% of the issued ordinary share capital provided that this additional element could only be used in connection with acquisitions and specified capital investments (as defined in the Principles). Both powers are due to lapse at the 2018 AGM at which shareholders will be asked to grant a similar powers in line with best practice and the Pre-Emption Group's Principles. The Company did not seek an authority at the 2017 AGM to buy back its own shares and there was no authority in place as at the end of the period.

The Articles of Association provide that the Company's shareholders may appoint any person to act as a Director or, on special notice, remove any Director from office by passing an ordinary resolution at a general meeting. The Articles also empower the Board to appoint any person as a Director. The Articles set out when a Director must leave office. These include where a Director resigns, becomes bankrupt or is prohibited from acting as a director for other reasons, is absent from the business for the long term or where a Director is required to resign by all the other Directors.

The Articles provide that any Director who was appointed by the Board during the period shall retire at the next Annual General Meeting following his or her appointment, but that Director may then stand for election by the Company's shareholders. Additionally, at each Annual General Meeting one third of the Directors must retire from office and each Director must retire at least once every three years. Retiring Directors may stand for re-election by the Company's shareholders. Notwithstanding the provisions of the Articles, the Company's current practice, in accordance with the recommendations of the Code, is to require each Director to stand for election or re-election by the Company's shareholders on an annual basis. Changes to the Articles of Association must be approved by the shareholders in accordance with the legislation in force from time to time. The powers of the Directors are determined by legislation and the Articles of Association of the Company in force from time to time. Powers relating to the issuing and buying back of shares are included in the Company's Articles of Association and shareholder approval of such authorities may be sought, if considered appropriate by Directors, at the Annual General Meeting.

The Articles can only be amended, or new Articles adopted, by a resolution passed by shareholders in general meeting by at least three quarters of the votes cast.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid, such as commercial contracts, bank loan agreements and employee share schemes. None of these is deemed to be significant in terms of its potential impact on the business of the Company.

The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover, save that the Company's share schemes contain provisions which may cause options and awards granted to employees to vest on a takeover.

DIRECTORS' INTERESTS

The Directors who held office at 27 January 2018 and their connected persons had interests in the shares of the Company as shown in the table below.

	% OF SHARE CAPITAL	27 JANUARY 2018 BENEFICIAL NUMBER	28 JANUARY 2017 BENEFICIAL NUMBER
Ray Kelvin	34.94%	15,540,280	15,540,280
Lindsay Page	0.18%	81,229	81,229
David Bernstein	-	6,000	6,000
Ron Stewart	-	334	313
Andrew Jennings	-	5,005	5,000

Pursuant to LR9.8.6R(1) the Company confirms it was notified on 28 March 2018 that Lindsay Page acquired 303 Ordinary Shares (0.18%) in the share capital of the Company. There were no other changes in the beneficial interests of the Directors between the end of the period and 13 April 2018.

CONTROLLING SHAREHOLDER

Pursuant to LR 9.8.4R(14)(a), the Directors confirm that the Company entered into a written and legally binding relationship agreement with Ray Kelvin on 14 November 2014 which is intended to ensure that Ray Kelvin complies with the independence provisions set out in LR 6.1.4D R (the "Relationship Agreement").

Pursuant to LR 9.8.4R(14)(c)(i), the Directors confirm that the Company has complied with the independence provisions set out in the Relationship Agreement during the period. In addition, pursuant to LR 9.8.4R(14)(c)(ii), the Directors confirm that, so far as the Company is aware, Ray Kelvin and his associates have complied with the independence provisions set out in the Relationship Agreement during the period.

This paragraph sets out all information required by LR9.8.4R that is applicable to the Company during the period.

DONATIONS

The value of charitable donations made during the period was £23,010 (2017: £15,617). There were no political donations made during the period (2017: £nil).

SOCIAL RESPONSIBILITY

Details of the Group's social, ethical and environmental responsibility initiatives are set out in the Sustainability and the Environment statement at page 28.

PEOPLE

Details of the Group's policies with respect to people and employees are set out in the People statement at page 32.

HEALTH AND SAFETY

The Group remains committed to providing a safe place to work and shop for all employees and customers. Annual risk assessments are carried out at all locations and a committee, comprised of representatives within the business and an external adviser, reviews and resolves any health and safety issues.

RISK MANAGEMENT

The Company's policies on financial risk management are outlined in Note 23 of the financial statements. Such information is incorporated into this Directors' Report by reference.

POST BALANCE SHEET EVENTS

There have been no important events affecting the Group since the end of the period.

DIRECTORS' STATEMENT REGARDING DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. Further, each Director has taken all the steps that he ought to have taken as a Director to ensure the Board is aware of any relevant audit information and to establish that the Company's auditors are aware of any such information.

The report was approved by the Board of Directors on 22 March 2018 and signed on its behalf by:

Charles Anderson
Finance Director and Company Secretary
22 March 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

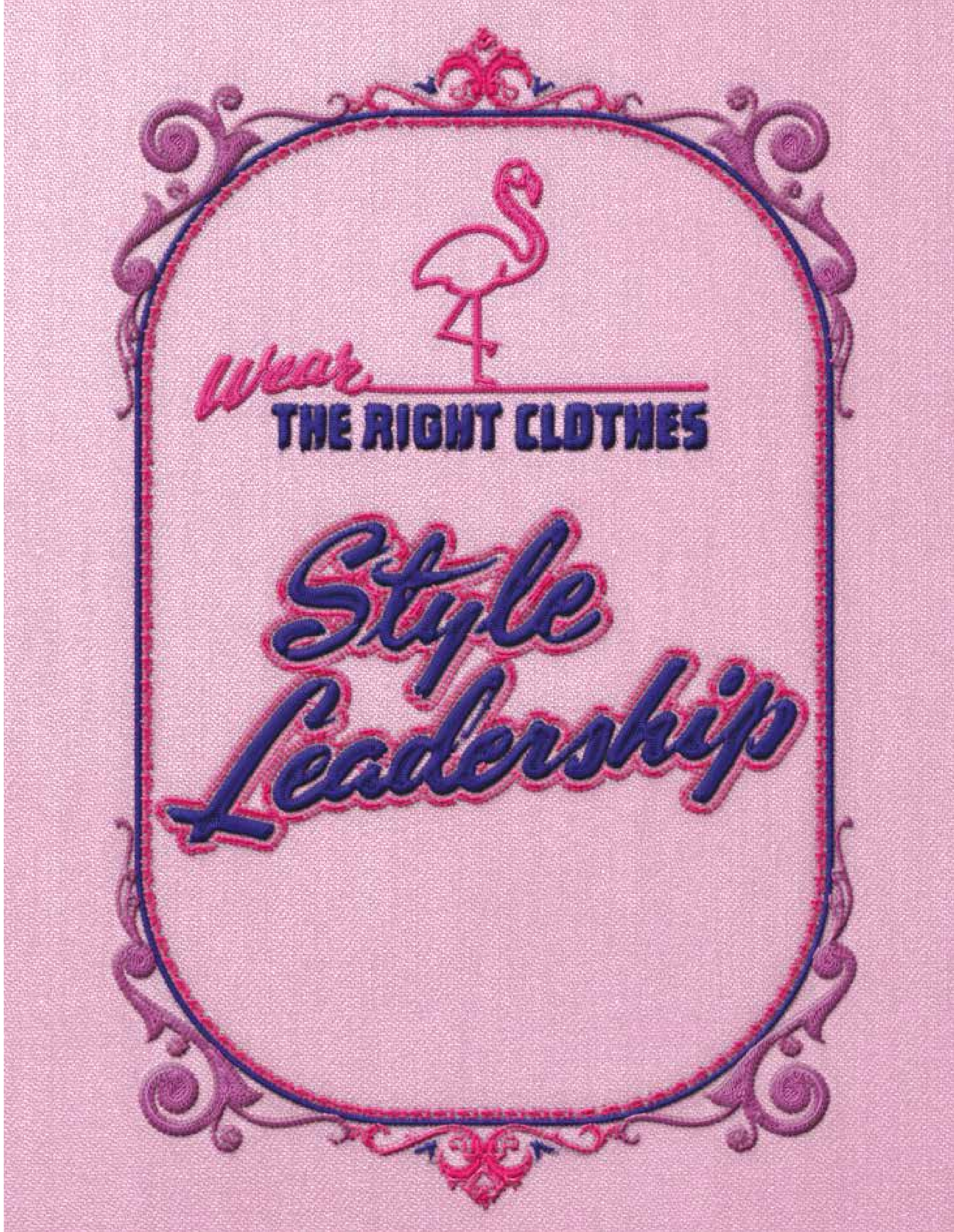
- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Management Report, which comprises the Strategic Report and the Directors' Report, includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board

Ray Kelvin
Founder and
Chief Executive
22 March 2018

Lindsay Page
Chief Operating Officer and
Group Finance Director
22 March 2018



1. OUR OPINION IS UNMODIFIED

We have audited the financial statements of Ted Baker Plc for the 52 week period ended 27 January 2018 which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Statement of Changes in Equity, Company Statement of Changes in Equity, Group and Company Balance Sheet, Group and Company Cash Flow Statement, and the related notes, including the accounting policies in Note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 27 January 2018 and of the Group's profit for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditors for the 52 week period ended 27 January 2001. The period of total uninterrupted engagement is for the 18 financial years ended 27 January 2018. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. KEY AUDIT MATTERS: OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2017), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

- **Valuation of store assets (leasehold improvements, fixtures, fittings and office equipment) £73.9m (2017: £80.7m)**

Refer to page 41 (Audit Committee Report), page 93 (accounting policy) and pages 106 and 107 (financial disclosures).

The risk: Forecast-based valuation. The Group has invested a significant amount of capital both within and outside the UK in its store portfolio. Given the relative immaturity of the brand outside the UK, the payback period is typically longer than for UK stores. The Group had 503 (2017: 462) stores and 29 (2017: 28) outlets as at 27 January 2018. There is a risk that the carrying value of the retail store leasehold improvements, fixtures, fittings and office equipment may be overstated if the profitability expectations for the related stores are adversely impacted by trading and other conditions that were not anticipated in the initial business case. The level of judgement involved in assessing impairment indicators on retail stores is one of the key judgemental areas that our audit is concentrated on.

Our response: Our procedures were designed to challenge whether there were any indicators of impairments and the need for any provisions against the asset carrying value and include:

- **Test of detail:** evaluating the methodology, completeness and accuracy of the Group's impairment trigger assessment. This assessment is undertaken by the Directors for all stores regardless of the period of time the store has been open. This analysis is used to identify those stores performing below expectations and accordingly with assets at a greater risk of impairment. For stores identified by this analysis, we considered whether there was an indicator of impairment based on the number of years the store has been open, as well as store performance;
- Where there were indicators of impairment, our procedures over the Directors' calculation of recoverable amount included:
- **Our business understanding:** Assessing the key assumptions including growth rates in turnover and margin expectations by reference to historical rates achieved, and our understanding of the specific factors relevant to each store;
- **Sensitivity analysis:** Applying sensitivity analysis on the key assumptions used in the cash flow forecasts to assess the possible range of outcomes and the overall risk of any material impairment.

Our results: The results of our testing were satisfactory and we found the carrying value of retail store assets to be acceptable (2017: acceptable).

- **Valuation of Inventory £187.2m (2017: £158.5m)**

Refer to page 41 (Audit Committee Report), page 93 (accounting policy) and page 113 (financial disclosures).

The risk: Subjective estimate. Inventory is carried in the Financial Statements at the lower of cost and net realisable value. Sales in the fashion industry can be extremely volatile with consumer demand changing significantly based on current trends. As a result, there is a risk that the carrying value of inventory exceeds in net realisable value.

Our response: Our procedures were designed to challenge the adequacy of the Group's provisions against inventory by seasonal collection. Our procedures included:

- **Control operation:** testing on a sample basis the design and operation of controls related to inventory stock counts and purchases;
- **Test of detail:** testing on a sample basis that items on the stock ageing listing by season were classified in the appropriate ageing bracket by reference to season;
- **Historical trends:** evaluated the current year provision by assessing historical trends. We examined the Group's historical trading patterns of inventory sold at full price and inventory sold below full price through alternative clearance routes, together with the related margins achieved for each channel. We used the information on trading patterns to assess whether the provisions held have historically been set at an appropriate level; and
- **Our business understanding:** assessing, based on our knowledge of the Group and the market, the appropriateness of the provision percentages applied by challenging the assumptions made by the Directors on the extent to which older season inventory can be sold through various channels.

Our results: From the evidence obtained, we considered the level of provisioning to be acceptable (2017: acceptable).

- **Recoverability of parent company's investment in subsidiaries £24.8m (2017: £23.1m) and recoverability of parent's debt due from Group entities £55.2m (2017: £51.9m)**

Refer to page 93 (accounting policy) and page 108 to 109 and 113 (financial disclosures).

The risk: Low risk, high value. The carrying amount of the parent company's investments in subsidiaries represents 31% (2017: 30%) of the parent company's total assets. The carrying amount of the intra-group debtor balance represents 68% (2017: 67%) of the parent company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.

Our response: Our procedures included:

- **Tests of detail:** Comparing the carrying amount of 100% of investments with the relevant subsidiaries' trial balance to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries have historically been profit-making.
- **Tests of detail:** Assessing a sample of the highest value Group debtors representing 92% of the total Group debtors balance to identify, with reference to the relevant debtors' trial balance, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether those debtor companies have historically been profit-making.
- **Assessing subsidiary audits:** Assessing the work performed by the subsidiary audit team, and considering the results of that work, on those net assets, including assessing the ability of the subsidiary to obtain liquid funds and therefore the ability of the subsidiary to fund the repayment of the receivable.

Our results: We found the Group's assessment of the recoverability of the investment in subsidiaries and the parent's debt due from Group entities to be acceptable (2017: acceptable).

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The materiality for the Group financial statements as a whole was set at £3.4m (2017: £3.0m), determined with reference to a benchmark of Group profit before tax (of which it represents 4.9% (2017: 4.8%).

Materiality for the parent company financial statements as a whole was set at £0.8m (2017: £0.8m), determined with reference to a benchmark of company total assets (of which it represents 1.0% (2017: 1.0%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £175,000 (2017: £150,000) in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 24 reporting components (2017: 22 reporting components), we subjected 4 components (2017: 3 components) to an audit for Group reporting purposes (3 UK components and 1 US component (2017: 3 UK components) and 1 component (Canada) to specified risk focused audit procedures (2017: 1 component, US). The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the following percentages of the Group's results:

	NUMBER OF COMPONENTS	TOTAL GROUP REVENUE	TOTAL PROFITS AND LOSSES THAT MADE UP GROUP PROFIT BEFORE TAX	TOTAL GROUP ASSETS
2018				
Audits for Group reporting purposes	4	83%	88%	88%
Specified risk focused audit procedures	1	4%	2%	2%
TOTAL	**5**	**87%**	**90%**	**90%**
2017				
Audits for Group reporting purposes	3	61%	92%	64%
Specified risk focused audit procedures	1	24%	4%	22%
TOTAL	**4**	**85%**	**96%**	**86%**

For the remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team instructed component auditors in the US as to the significant areas to be covered, including where relevant the risks detailed above and the information to be reported back. The UK components audits were covered by the Group team. The Group audit team approved the components' materiality's which ranged from £0.6m to £2.3m (2017: £2.2m to £2.9m), having regard to the mix of size and risk profile of the Group across the components. The work on 2 components (2017: 2 components) was performed by component auditors and the rest, including the audit of the parent company, was performed by the Group team.

In 2018 and 2017, the Group team visited the component auditor in the US and telephone conference meetings were held with the US component auditor. At these meetings the Group team discussed the audit strategy and the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the US component auditor.

4. WE HAVE NOTHING TO REPORT ON GOING CONCERN

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 26 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. WE HAVE NOTHING TO REPORT ON THE OTHER INFORMATION IN THE ANNUAL REPORT

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of Principal Risks and Longer-Term Viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 26 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Corporate Governance Disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. WE HAVE NOTHING TO REPORT ON THE OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. RESPECTIVE RESPONSIBILITIES

Directors' Responsibilities

As explained more fully in their statement set out on page 72, the Directors are responsible for the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – Ability to Detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, and through discussion with the Directors and other management (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at Group level, with a request to report on any indications of potential existence of non-compliance with relevant laws and regulations (irregularities) in these areas, or other areas directly identified by the component team.

As with any audit, there remained a higher risk of non-detection of non-compliance with relevant laws and regulations (irregularities), as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

8. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Lourens de Villiers
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
22 March 2018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GROUP AND COMPANY PRIMARY FINANCIAL STATEMENTS

GROUP INCOME STATEMENT

FOR THE 52 WEEKS ENDED 27 JANUARY 2018	NOTE	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
		£'000	£'000
Revenue	2	591,670	530,986
Cost of sales		(230,865)	(207,257)
GROSS PROFIT		360,805	323,729
Distribution costs		(231,996)	(208,221)
Administrative expenses		(80,160)	(70,103)
Administrative expenses before exceptional items		(75,484)	(65,590)
Exceptional items	3	(4,676)	(4,513)
Licence income		21,443	18,237
Other operating income/(expense)		635	(1,145)
OPERATING PROFIT		70,727	62,497
Finance income	4	802	1,597
Finance expense	4	(3,314)	(3,373)
Share of profit of jointly controlled entity, net of tax	12	574	550
PROFIT BEFORE TAX	3	68,789	61,271
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS		73,465	65,784
Exceptional items		(4,676)	(4,513)
Income tax expense	6	(16,045)	(14,703)
Income tax expense before exceptional items		(16,868)	(15,605)
Income tax relating to exceptional items		823	902
PROFIT FOR THE PERIOD		52,744	46,568
EARNINGS PER SHARE			
Basic	9	119.0p	105.7p
Diluted	9	118.3p	104.5p

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE 52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
PROFIT FOR THE PERIOD	52,744	46,568
OTHER COMPREHENSIVE INCOME/(EXPENSE)		
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT		
Net effective portion of changes in fair value of cash flow hedges	(5,139)	10,521
Net change in fair value of cash flow hedges transferred to profit or loss	(4,599)	(5,435)
Exchange differences on translation of foreign operations net of tax	(7,926)	5,580
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD	(17,664)	10,666
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	35,080	57,234

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 27 JANUARY 2018	SHARE CAPITAL	SHARE PREMIUM	CASH FLOW HEDGING RESERVE	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT
	£'000	£'000	£'000	£'000	£'000	£'000
BALANCE AT 28 JANUARY 2017	2,208	9,935	6,736	7,891	183,774	210,544
COMPREHENSIVE INCOME FOR THE PERIOD						
Profit for the period	-	-	-	-	52,744	52,744
Exchange differences on translation of foreign operations	-	-	-	(9,889)	-	(9,889)
Current tax on foreign currency translation	-	-	-	1,963	-	1,963
Effective portion of changes in fair value of cash flow hedges	-	-	(7,423)	-	-	(7,423)
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	(4,599)	-	-	(4,599)
Deferred tax associated with movement in hedging reserve	-	-	2,284	-	-	2,284
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	(9,738)	(7,926)	52,744	35,080
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY						
Increase in issued share capital	16	552	-	-	-	568
Share-based payment charges	-	-	-	-	1,876	1,876
Movement on current and deferred tax on share-based payments	-	-	-	-	535	535
Dividends paid	-	-	-	-	(24,553)	(24,553)
TOTAL TRANSACTIONS WITH OWNERS	16	552	-	-	(22,142)	(21,574)
BALANCE AT 27 JANUARY 2018	2,224	10,487	(3,002)	(35)	214,376	224,050

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 28 JANUARY 2017	SHARE CAPITAL	SHARE PREMIUM	CASH FLOW HEDGING RESERVE	TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT
	£'000	£'000	£'000	£'000	£'000	£'000
BALANCE AT 30 JANUARY 2016	2,199	9,617	1,650	2,311	156,822	172,599
COMPREHENSIVE INCOME FOR THE PERIOD						
Profit for the period	-	-	-	-	46,568	46,568
Exchange differences on translation of foreign operations	-	-	-	7,038	-	7,038
Current tax on foreign currency translation	-	-	-	(1,458)	-	(1,458)
Effective portion of changes in fair value of cash flow hedges	-	-	11,714	-	-	11,714
Net change in fair value of cash flow hedges transferred to profit or loss	-	-	(5,435)	-	-	(5,435)
Deferred tax associated with movement in hedging reserve	-	-	(1,193)	-	-	(1,193)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	5,086	5,580	46,568	57,234
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY						
Increase in issued share capital	9	318	-	-	-	327
Share-based payment charges	-	-	-	-	1,839	1,839
Movement on current and deferred tax on share-based payments	-	-	-	-	281	281
Dividends paid	-	-	-	-	(21,736)	(21,736)
TOTAL TRANSACTIONS WITH OWNERS	9	318	-	-	(19,616)	(19,289)
BALANCE AT 28 JANUARY 2017	2,208	9,935	6,736	7,891	183,774	210,544

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 27 JANUARY 2018	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL EQUITY
	£'000	£'000	£'000	£'000	£'000
BALANCE AT 28 JANUARY 2017	2,208	9,935	20,680	44,426	77,249
Profit for the period	-	-	-	25,825	25,825
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY					
Increase in issued share capital	16	552	-	-	568
Share-based payment charges	-	-	-	185	185
Share-based payment charges for awards granted to subsidiary employees	-	-	1,691	-	1,691
Dividends paid	-	-	-	(24,553)	(24,553)
TOTAL TRANSACTIONS WITH OWNERS	16	552	1,691	(24,368)	(22,109)
BALANCE AT 27 JANUARY 2018	2,224	10,487	22,371	45,883	80,965

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 52 WEEKS ENDED 28 JANUARY 2017	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL EQUITY
	£'000	£'000	£'000	£'000	£'000
BALANCE AT 30 JANUARY 2016	2,199	9,617	19,060	38,697	69,573
Profit for the period	-	-	-	27,246	27,246
TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY					
Increase in issued share capital	9	318	-	-	327
Share-based payment charges	-	-	-	219	219
Share-based payment charges for awards granted to subsidiary employees	-	-	1,620	-	1,620
Dividends paid	-	-	-	(21,736)	(21,736)
TOTAL TRANSACTIONS WITH OWNERS	9	318	1,620	(21,517)	(19,570)
BALANCE AT 28 JANUARY 2017	2,208	9,935	20,680	44,426	77,249

GROUP AND COMPANY BALANCE SHEET

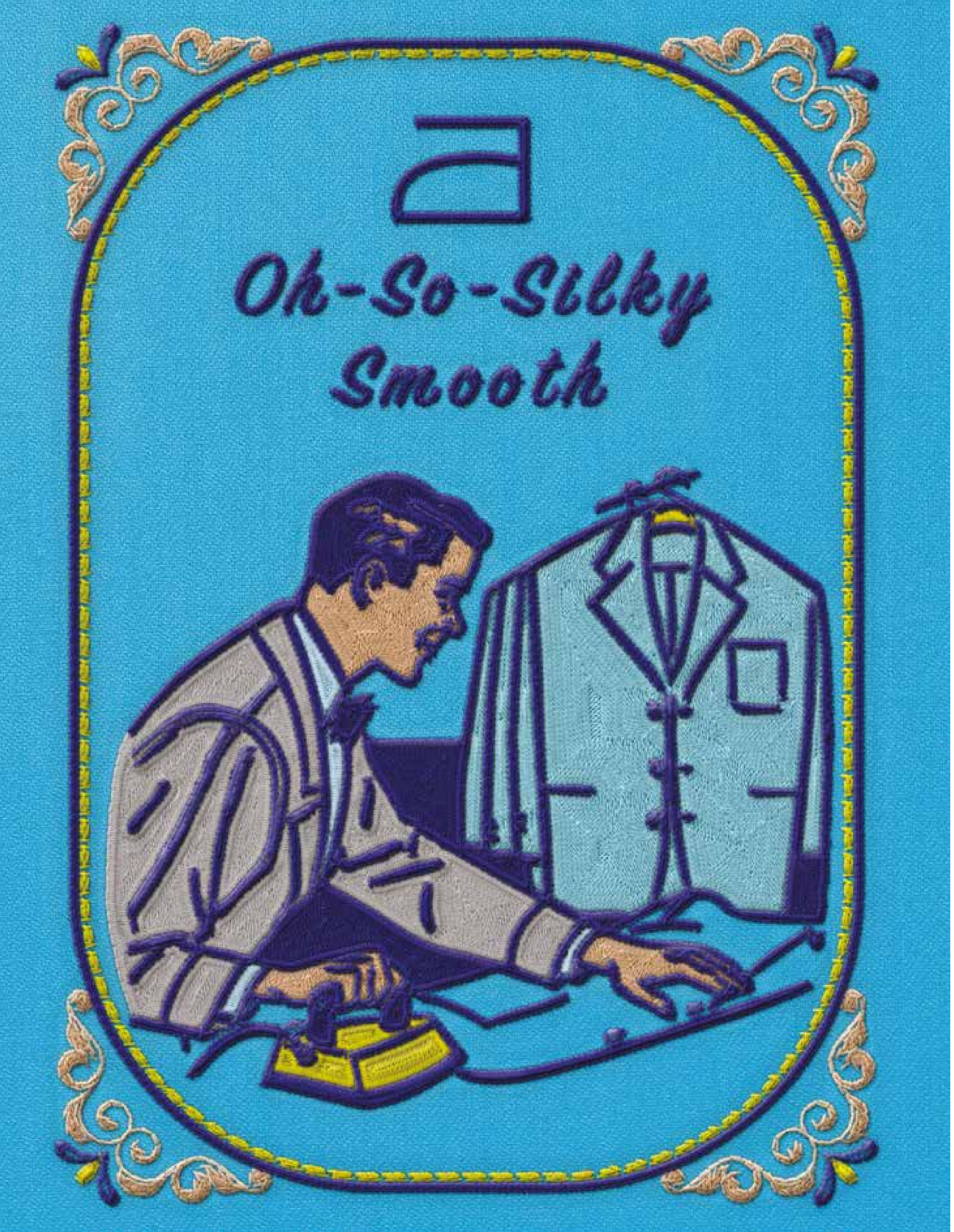
AT 27 JANUARY 2018	NOTE	GROUP 27 JANUARY 2018	GROUP 28 JANUARY 2017	COMPANY 27 JANUARY 2018	COMPANY 28 JANUARY 2017
		£'000	£'000	£'000	£'000
Intangible assets	10	34,373	24,445	-	-
Property, plant and equipment	11	139,075	144,354	-	-
Investment in subsidiary	12	-	-	24,793	23,102
Investment in equity accounted investee	12	1,893	1,897	-	-
Deferred tax assets	13	4,114	4,446	-	-
Prepayments		353	401	-	-
NON-CURRENT ASSETS		**179,808**	**175,543**	**24,793**	**23,102**
Inventories	14	187,227	158,500	-	-
Trade and other receivables	15	64,273	59,251	55,232	51,932
Amount due from equity accounted investee	12	666	653	-	-
Derivative financial assets	16	478	8,974	-	-
Cash and cash equivalents	17	16,712	21,401	940	2,238
CURRENT ASSETS		**269,356**	**248,779**	**56,172**	**54,170**
Trade and other payables	18	(82,858)	(80,995)	-	(23)
Bank overdraft	17	(76,043)	(58,074)	-	-
Term loan	23	(5,500)	(6,000)	-	-
Income tax payable		(8,522)	(10,327)	-	-
Provisions for liabilities and charges	19	-	(915)	-	-
Derivative financial liabilities	16	(3,918)	(616)	-	-
CURRENT LIABILITIES		**(176,841)**	**(156,927)**	**-**	**(23)**
Deferred tax liabilities	13	(1,273)	(2,349)	-	-
Provisions for liabilities and charges	19	-	(2,002)	-	-
Term loan	23	(47,000)	(52,500)	-	-
NON-CURRENT LIABILITIES		**(48,273)**	**(56,851)**	**-**	**-**
NET ASSETS		**224,050**	**210,544**	**80,965**	**77,249**
EQUITY					
Share capital	20	2,224	2,208	2,224	2,208
Share premium	20	10,487	9,935	10,487	9,935
Other reserves	20	(3,002)	6,736	22,371	20,680
Translation reserve	20	(35)	7,891	-	-
Retained earnings	20	214,376	183,774	45,883	44,426
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT COMPANY		**224,050**	**210,544**	**80,965**	**77,249**
TOTAL EQUITY		**224,050**	**210,544**	**80,965**	**77,249**

These financial statements were approved by the Board of Directors on 22 March 2018 and were signed on its behalf by:

Lindsay Page
Chief Operating Officer and Group Finance Director
Company number: 03393836

GROUP AND COMPANY CASH FLOW STATEMENT

FOR THE 52 WEEKS ENDED 27 JANUARY 2018	GROUP 52 WEEKS ENDED 27 JANUARY 2018	GROUP 52 WEEKS ENDED 28 JANUARY 2017	COMPANY 52 WEEKS ENDED 27 JANUARY 2018	COMPANY 52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000	£'000	£'000
CASH GENERATED FROM OPERATIONS				
Profit for the period	52,744	46,568	25,825	27,246
Adjusted for:				
Income tax expense	16,045	14,703	-	-
Depreciation and amortisation	23,238	20,966	-	-
Impairments	4,533	-	-	-
Loss on disposal of property, plant and equipment	166	416	-	-
Share-based payments	1,876	1,839	185	219
Net finance expense	2,512	1,776	-	-
Net change in derivative financial assets and liabilities carried at fair value through profit or loss	1,517	677	-	-
Share of profit in joint venture	(574)	(550)	-	-
Decrease in non-current prepayments	63	59	-	-
Increase in inventory	(34,067)	(27,128)	-	-
Increase in trade and other receivables	(6,779)	(16,335)	(3,299)	(4,446)
Increase/(decrease) in trade and other payables	2,845	20,392	(24)	13
(Decrease)/increase in provisions for liabilities and charges	(2,917)	2,917	-	-
Interest paid	(3,341)	(2,886)	-	-
Income taxes paid	(13,975)	(10,644)	-	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	**43,886**	**52,770**	**22,687**	**23,032**
CASH FLOW FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment and intangibles	(36,562)	(43,753)	-	-
Proceeds from sale of property, plant and equipment	115	93	-	-
Dividends received from joint venture	578	294	-	-
Interest received	61	15	-	-
NET CASH FROM INVESTING ACTIVITIES	**(35,808)**	**(43,351)**	**-**	**-**
CASH FLOW FINANCING ACTIVITIES				
Repayment of term loan	(6,000)	(1,500)	-	-
Dividends paid	(24,553)	(21,736)	(24,553)	(21,736)
Proceeds from issue of shares	568	327	568	327
NET CASH FROM FINANCING ACTIVITIES	**(29,985)**	**(22,909)**	**(23,985)**	**(21,409)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(21,907)**	**(13,490)**	**(1,298)**	**1,623**
Net cash and cash equivalents at the beginning of the period	(36,673)	(24,574)	2,238	615
Exchange rate movement	(751)	1,391	-	-
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**(59,331)**	**(36,673)**	**940**	**2,238**
Cash and cash equivalents at the end of the period	16,712	21,401	940	2,238
Bank overdraft at the end of the period	(76,043)	(58,074)	-	-
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**(59,331)**	**(36,673)**	**940**	**2,238**



1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and Company financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

A) BASIS OF PREPARATION

Both the consolidated and Company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its income statement and related notes that form a part of these approved financial statements.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out on pages 4–19. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chairman's Statement on pages 4–6. In addition, Note 23 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

As highlighted in Note 23 to the financial statements, the Group meets its day-to-day working capital requirements through a committed overdraft facility expiring in September 2020 which is a multi-currency revolving credit facility with the Royal Bank of Scotland, Barclays and HSBC. The facility will be used to the extent necessary to fund working capital and capital expenditure to support the Group's growth strategy.

The Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group has sufficient financial resources. As a consequence the Directors have a reasonable expectation that the Company and the Group are well placed to manage their business risks and to continue in operational existence for the twelve months from the date of signing these financial statements, despite the current uncertain global economic outlook. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements.

The consolidated and parent financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities (including derivative instruments), which are held at fair value.

The preparation of financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Group's significant judgement areas relate to inventory valuation and impairment of assets.

REVISED AND AMENDED STANDARDS AND INTERPRETATIONS

No new standards, amendments or interpretations, effective for the first time for the period beginning on or after 29 January 2017 have had a material impact on the Group or Company.

IFRS 15, Revenue from Contracts with Customers, which is effective from 1 January 2018, has been considered by the Group and it was concluded this will not be significant to the Group's financial statements in the future.

At the balance sheet date there are a number of new standards and amendments to existing standards in issue but not yet effective. None of these is expected to have a significant effect on the financial statements of the Group or Company, except the following, set out below:

IFRS 9, Financial Instruments, which is effective for periods beginning on or after 1 January 2018, replaces IAS 39 and addresses the classification, measurement and recognition of financial assets and financial liabilities. This was endorsed by the EU in November 2016 and as such the full impact on the Group is currently being assessed. If the Group adopted this standard in the financial statements for the 52 weeks ended 27 January 2018, the impact of the change in hedge accounting for financial instruments on the consolidated income statement would have been a decrease in profit before tax of £767,000 with no impact on net assets.

IFRS 16, Leases, addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17, Leases, and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019. The quantitative impact of IFRS 16 on the Group's net assets and results is being assessed and will be quantified closer to the date of adoption. IFRS 16 is expected to have a material impact on the balance sheet as both assets and liabilities will increase and is also expected to have a material impact on key components within the income statements because operating lease rental charges will be replaced by depreciation and finance costs. IFRS 16 will not have any impact on the underlying commercial performance of the Group or the cash flow generated in the period.

B) BASIS OF CONSOLIDATION

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 27 January 2018. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the venturers' unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost.

The consolidated financial statements include the Group's share of the total recognised income and expense and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to £nil and recognition of further losses is discounted except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

C) FOREIGN CURRENCY

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to functional currency at foreign exchange rates ruling at the dates the values were determined.

Exchange differences arising from a monetary item receivable from or payable to a foreign entity, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Sterling at average foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation since the transition date are recognised directly in a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

D) REVENUE RECOGNITION

Revenue represents amounts receivable for goods provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Retail revenue is recognised when a Group entity sells a product to a customer. Wholesale revenue is recognised when title has passed in accordance with the individual terms of trade. Licence income receivable from licensees is accrued as earned on the basis of the terms of the relevant licence agreement, which is typically on the basis of a minimum payment spread over the licence period and a variable amount based on turnover. Accrued income is from licence income earned but not billed in the period.

The Group sells retail products with the right of return and experience is used to estimate and provide for the value of such returns at the time of sale when considered significant. Credit notes or exchanges are available to customers returning unwanted products with proof of purchase within 28 days of the date of purchase. Cash refunds are available to customers returning unwanted products with proof of purchase within 14 days of the date of purchase.

Sales of gift vouchers are treated as future liabilities, and revenue is recognised when the gift vouchers are redeemed against a later transaction.

E) LEASES

Rentals under operating leases are charged as incurred, unless there are pre-determined rental increases in the lease, in which case they are recognised on a straight-line basis over the lease term. Leasehold incentives received are recognised as an integral part of total lease expense, over the term of the lease.

Certain rental expense are determined on the basis of revenue achieved in specific retail locations and are accrued for on that basis. The Group engages in lease and concession arrangements that include fixed and variable elements, depending on the terms of the underlying agreement. The Group has disclosed in Note 3 the amounts charged in the period, and in Note 22 sets out the firm commitments for future periods.

The Group's intangible assets, as shown in Note 10, include leased premises which have a guaranteed residual value. The guaranteed value arises because the next tenant, based on current market conditions, will pay this amount to the Group. Due to the likelihood that the money will be recoverable, the asset is not amortised.

F) PENSION COSTS

Contributions payable to defined contribution schemes in respect of pension costs and other post retirement benefits are charged to the consolidated income statement in the period to which they relate. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

G) SHARE-BASED PAYMENTS

The Group operates an equity-settled share-based compensation plan.

SHARE OPTIONS AND CONDITIONAL SHARE AWARDS

Share options granted under the Sharesave scheme and the Ted Baker PLC Long-Term Incentive Plan are measured at fair value at the date of grant using the Black-Scholes and Monte-Carlo pricing models respectively. The pricing models take into account the terms and conditions of the options/awards vesting. The grant date fair value is expensed on a straight-line basis over the vesting period (i.e. the period in which the employees become unconditionally entitled to share options/awards) based on an estimate of shares that will eventually vest.

Shares of Ted Baker Plc held by the Company for the purpose of fulfilling obligations in respect of employee share plans are deducted from equity in the balance sheet. Any surplus or deficit arising on the sale of the Ted Baker Plc shares held by the Company is included as an adjustment to reserves.

Transactions of the Company-sponsored Employee Benefit Trusts ("EBT") are treated as being those of the Company and are therefore reflected in the parent company and Group financial statements. In particular, the EBT's purchases and sales of shares in the Company are debited and credited directly to equity.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

H) DERIVATIVES

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

CASH FLOW HEDGES

Changes in the fair value of foreign currency and interest rate derivatives which are designated as effective hedges of future cash flows are recognised in equity in the cash flow hedging reserve, and remain there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs.

Changes in the fair value of foreign currency derivatives which are ineffective or do not meet the criteria for hedge accounting are recognised in the income statement.

The Group does not hold any fair value hedging instruments.

I) TAXATION

Corporation tax payable is recognised on taxable profits using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax is not recognised for temporary differences relating to investments in subsidiaries to the extent they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Income tax comprises current and deferred tax.

J) DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group and Company financial statements in the period in which it is declared.

K) INTANGIBLE ASSETS

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Expenditure on development activities is capitalised if the product is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes direct labour and an appropriate proportion of overheads. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Key money is not amortised but systematically tested for impairment at each balance sheet date as the Directors are of the opinion the residual value of the asset is in excess of the carrying value. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Key money:	No amortisation charged.
Computer software:	Three to ten years.
Computer software under development:	Assets under development are stated at cost less transfers to completed assets when substantially all of the activities necessary for the asset to be ready for use have occurred.

L) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided on property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset on the following bases:

Freehold land:	Not depreciated.
Freehold buildings:	Straight line over fifty years.
Leasehold improvements:	Straight line over the shorter of the period of the unexpired term of the lease or the useful economic life of the improvement.
Fixtures, fittings and office equipment:	20% to 25% per annum on a straight-line basis apart from computer equipment, which is 33% per annum on a straight-line basis or over the expected useful economic life of the asset.
Motor vehicles:	25% per annum on a straight-line basis over the expected useful economic life of the asset.
Assets under construction:	Assets in the course of construction are stated at cost less transfers to completed assets when substantially all of the activities necessary for the asset to be ready for use have occurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

M) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Recoverable amounts for cash-generating units are based on value in use, which is calculated from cash flow projections using data from the Group's latest internal forecasts, the results of which are reviewed by the Board.

The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins. Management use a pre-tax discount rate derived from the Group's adjusted weighted average cost of capital. Internal forecasts reflect the current market assessment and risks specific to the cash-generating units. Changes in selling prices and direct costs are based on past experience and expectations of future changes in the market.

Impairment losses are recognised in the income statement. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but so that the increased carrying value does not exceed the carrying value that would have been determined if no impairment loss had been recognised for the asset in prior years. A reversal of an impairment loss is recognised in income immediately.

N) INVESTMENTS

Investments in subsidiaries by the Company are shown at cost less accumulated impairment losses which are recognised in the income statement.

O) INVENTORIES

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and inward transportation costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

P) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash balances and money market deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Q) INTEREST-BEARING BORROWINGS

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

R) FINANCE INCOME AND EXPENSES

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

S) SEGMENT REPORTING

A segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board to make decisions about resources to be allocated to a segment and assess its performance, and for which discrete financial information is available (see Note 2).

T) FINANCIAL GUARANTEE CONTRACTS

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

U) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly incremental costs (net of income taxes), is deducted from retained earnings in equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

V) PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably. Provisions are discounted if the impact on the provision is deemed to be material.

W) ACCOUNTING ESTIMATES AND JUDGMENTS

The Directors have made significant accounting estimates and judgements in applying the Group's accounting policies in the following areas:

IMPAIRMENT

Leasehold improvements for stores are identified for further impairment testing primarily on the basis of current and projected performance, with growth assumptions based on Directors' knowledge and experience. Given the relative immaturity of the brand outside the UK, the payback period is typically longer and it is not uncommon for new stores to make losses in their start-up phase. Judgment is therefore applied by the Directors in assessing the trigger point for impairment, recognising that losses in the start-up phase are not always indicative of the future performance of a particular store. The Directors have used forecast models and an appropriate pre-tax adjusted weighted average cost of capital in its property, plant and equipment impairment calculations.

INVENTORY VALUATION

The Directors have used their knowledge and experience of the fashion industry in determining the level and rates of provisioning required to calculate the appropriate inventory carrying values. Inventory is carried in the financial statements at the lower of cost and net realisable value. Sales in the fashion industry can be extremely volatile with consumer demand changing significantly based on current trends. As a result there is a risk that the cost of inventory exceeds its net realisable value. Management calculates the inventory provision on the basis of the ageing profile of what is in stock. Adjustments are made where appropriate based on Directors' knowledge and experience to calculate the appropriate inventory carrying values.

X) NON-GAAP PERFORMANCE MEASURES

Exceptional items are added back/deducted to derive certain non-GAAP measures as follows:

- profit attributable to the owners of the Company, to arrive at adjusted earnings per share (after the tax effect of exceptional items); and
- profit before tax, to arrive at profit before tax and exceptional items.

Exceptional items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the underlying performance of the Group's ongoing business. Generally, exceptional items include those items that do not occur often and are material.

We believe the non-GAAP performance measures presented along with comparable GAAP measurements is useful to provide information with which to measure our performance, and our ability to invest in new opportunities. Management uses these measures with the most directly comparable GAAP financial measures in evaluating our operating performance and value creation. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. The requirements for identifying exceptional items are on a consistent basis each period and presented consistently, and a reconciliation of profit before tax and exceptional items to profit before tax is included in Note 3 to the financial statements.

Exceptional items in the period included:

- the impairment of assets in three retail stores in the US and one in Europe. The Directors believe this to be exceptional as the Group does not frequently impair assets of this quantum;
- restructuring costs incurred in aligning internal structures to the Group's strategic aims. The Directors believe this to be exceptional due to the infrequent occurrence of such costs; and
- the release of the provision for the Group's legacy warehouses following assignment of the leases. The Directors believe this to be exceptional as the initial recognition of the cost of provision was treated as exceptional.

Exceptional items in the prior period included:

- costs in relation to the closure of the Group's legacy warehouses in the UK. The Directors believe this cost to be infrequent in nature as the Group do not close existing warehouses or move to new warehouses regularly; and
- costs in relation to the closure of a concept store in London. The Directors believe this cost to be infrequent in nature as the Group does not open concept stores frequently.

The Directors believe that the profit before tax and exceptional items and adjusted earnings per share measures provide useful information for shareholders on the underlying performance of the business. These measures are also consistent with how underlying business performance is measured internally.

The profit before tax and exceptional items and adjusted earnings per share are not recognised measures under IFRS and may not be directly comparable with adjusted profit and earnings per share measures used by other companies.

Constant currency comparatives are obtained by applying the exchange rates that were applicable for the 52 weeks ended 28 January 2017 to the financial results in overseas subsidiaries for the 52 weeks ended 27 January 2018 to remove the impact of exchange rate fluctuations.

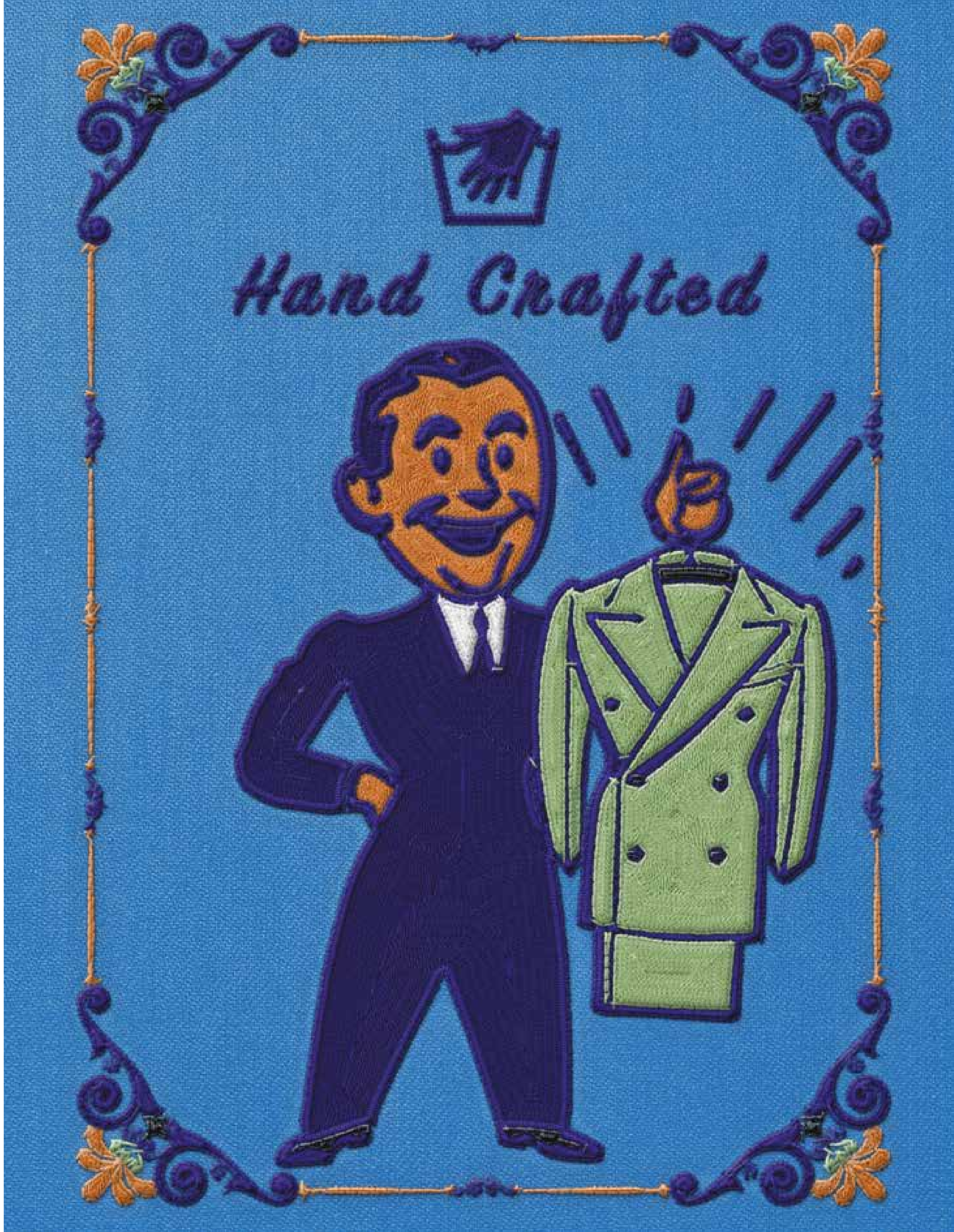
2. SEGMENT INFORMATION

The Group has three reportable segments: retail, wholesale and licensing.

For each of the three segments, the Executive Committee reviews internal management reports on a four weekly basis.

The accounting policies of the reportable segments are the same as described in Note 1 on pages 89–95. Information regarding the results of each reportable segment is included below. Performance for the retail segment is measured based on operating contribution, whereas performance of the wholesale segment is measured based on gross profit and performance of the licensing segment is measured based on royalty income, as included in the internal management reports that are reviewed by the Board.

Segment results before exceptional items are used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.



2. SEGMENT INFORMATION CONTINUED
A) SEGMENT REVENUE AND SEGMENT RESULT

52 WEEKS ENDED 27 JANUARY 2018	RETAIL	WHOLESALE	LICENSING	TOTAL
	£'000	£'000	£'000	£'000
Revenue	442,451	149,219	-	591,670
Cost of sales	(146,230)	(84,635)	-	(230,865)
GROSS PROFIT	**296,221**	**64,584**		**360,805**
Operating costs	(225,224)	-	-	(225,224)
OPERATING CONTRIBUTION	**70,997**	**64,584**	-	**135,581**
Licence income	-	-	21,443	21,443
SEGMENT RESULT	**70,997**	**64,584**	**21,443**	**157,024**
RECONCILIATION OF SEGMENT RESULT TO PROFIT BEFORE TAX				
Segment result	70,997	64,584	21,443	157,024
Other operating costs	-	-	-	(82,256)
Exceptional items	-	-	-	(4,676)
Other operating income	-	-	-	635
OPERATING PROFIT	-	-	-	**70,727**
Net finance expense	-	-	-	(2,512)
Share of profit of jointly controlled entity, net of tax	-	-	-	574
PROFIT BEFORE TAX	-	-	-	**68,789**
Capital expenditure	21,621	396	-	22,017
Unallocated capital expenditure	-	-	-	14,821
TOTAL CAPITAL EXPENDITURE	-	-	-	**36,838**
Depreciation and amortisation	16,386	455	-	16,841
Unallocated depreciation and amortisation	-	-	-	6,397
TOTAL DEPRECIATION AND AMORTISATION	-	-	-	**23,238**
Segment assets	241,427	92,343	-	333,770
Deferred tax assets	-	-	-	4,114
Derivative financial assets	-	-	-	478
Intangible assets – head office	-	-	-	79,279
Property, plant and equipment – head office	-	-	-	28,611
Other assets	-	-	-	2,912
TOTAL ASSETS	-	-	-	**449,164**
Segment liabilities	(117,940)	(40,961)	-	(158,901)
Income tax payable	-	-	-	(8,522)
Provisions for liabilities and charges	-	-	-	-
Term loan	-	-	-	(52,500)
Other liabilities	-	-	-	(5,191)
TOTAL LIABILITIES	-	-	-	**(225,114)**
NET ASSETS	-	-	-	**224,050**

Wholesale sales are shown after the elimination of inter-company sales of £113,081,488 (2017: £89,695,272).

2. SEGMENT INFORMATION CONTINUED
A) SEGMENT REVENUE AND SEGMENT RESULT CONTINUED

52 WEEKS ENDED 28 JANUARY 2017	RETAIL	WHOLESALE	LICENSING	TOTAL
	£'000	£'000	£'000	£'000
Revenue	400,724	130,262	-	530,986
Cost of sales	(135,704)	(71,553)	-	(207,257)
GROSS PROFIT	**265,020**	**58,709**	-	**323,729**
Operating costs	(203,253)	-	-	(203,253)
OPERATING CONTRIBUTION	**61,767**	**58,709**	-	**120,476**
Licence income	-	-	18,237	18,237
SEGMENT RESULT	**61,767**	**58,709**	**18,237**	**138,713**
RECONCILIATION OF SEGMENT RESULT TO PROFIT BEFORE TAX				
Segment result	61,767	58,709	18,237	138,713
Other operating costs	-	-	-	(70,558)
Exceptional items	-	-	-	(4,513)
Other operating expense	-	-	-	(1,145)
OPERATING PROFIT	-	-	-	**62,497**
Net finance expense	-	-	-	(1,776)
Share of profit of jointly controlled entity, net of tax	-	-	-	550
PROFIT BEFORE TAX	-	-	-	**61,271**
Capital expenditure	21,358	411	-	21,769
Unallocated capital expenditure	-	-	-	21,985
TOTAL CAPITAL EXPENDITURE	-	-	-	**43,754**
Depreciation and amortisation	16,588	397	-	16,985
Unallocated depreciation and amortisation	-	-	-	3,981
TOTAL DEPRECIATION AND AMORTISATION	-	-	-	**20,966**
Segment assets	225,632	83,161	-	308,793
Deferred tax assets	-	-	-	4,446
Derivative financial assets	-	-	-	8,974
Intangible assets – head office	-	-	-	21,718
Property, plant and equipment – head office	-	-	-	77,440
Other assets	-	-	-	2,951
TOTAL ASSETS	-	-	-	**424,322**
Segment liabilities	(104,953)	(34,116)	-	(139,069)
Income tax payable	-	-	-	(10,327)
Provisions for liabilities and charges	-	-	-	(2,917)
Term loan	-	-	-	(58,500)
Other liabilities	-	-	-	(2,965)
TOTAL LIABILITIES	-	-	-	**(213,778)**
NET ASSETS	-	-	-	**210,544**

2. SEGMENT INFORMATION CONTINUED
B) GEOGRAPHICAL INFORMATION

	UK	USA	REST OF WORLD	TOTAL
52 WEEKS ENDED 27 JANUARY 2018	£'000	£'000	£'000	£'000
Revenue	336,056	153,603	102,011	591,670
Non-current assets*	127,429	26,795	21,470	175,694
52 WEEKS ENDED 28 JANUARY 2017				
Revenue	316,542	130,941	83,503	530,986
Non-current assets*	118,879	34,571	17,647	171,097

*Non-current assets exclude deferred tax assets.

C) REVENUE BY COLLECTION

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
Menswear	249,685	226,731
Womenswear	341,985	304,255
	591,670	530,986

3. PROFIT BEFORE TAX

Profit before tax is stated after charging:	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
Depreciation and amortisation	23,238	20,966
Exceptional items	4,676	4,513
LEASEHOLD PROPERTIES:		
Fixed lease payments*	41,238	38,022
Variable rental payments*	3,725	2,780
CONCESSIONS:		
Fixed lease payments*	18,177	18,536
Variable rental and commission payments*	34,866	33,345
Loss on sale of property, plant and equipment and intangibles	166	416
AUDITORS' REMUNERATION:		
Audit of these financial statements	12	12
Amounts receivable by the Company's auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the Company	348	300
Interim financial statements review	17	17
Other assurance services	20	21
Taxation compliance and other advisory services	-	10

*Disclosed above are the costs charged in the period relating to leasehold properties and concession arrangements. These are either fixed in nature or variable based on revenue levels for a particular store or concession, where relevant, including e-commerce sales with concession partners.

RECONCILIATION OF PROFIT BEFORE TAX TO PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
PROFIT BEFORE TAX	68,789	61,271
Impairment of retail assets, relating to three stores in the US and one store in Europe	4,533	-
Restructuring costs	1,251	-
Movement in provisions related to the Group's legacy warehouses	(1,108)	2,917
Other closure costs	-	659
Closure costs for a concept store in London	-	937
EXCEPTIONAL ITEMS	4,676	4,513
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	73,465	65,784

4. FINANCE INCOME AND EXPENSES

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
FINANCE INCOME		
- Interest receivable	61	15
- Foreign exchange gains	741	1,582
	802	1,597
FINANCE EXPENSES		
- Interest payable	(3,301)	(2,933)
- Foreign exchange losses	(13)	(440)
	(3,314)	(3,373)

5. STAFF NUMBERS AND COSTS
The average number of employees (including Executive Directors) was:

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	No.	No.
Sales	2,677	2,429
Design	92	94
Administration	693	643
	3,462	3,166
Their aggregate remuneration comprised:	£'000	£'000
Wages and salaries	82,217	76,240
Share-based payment charges	1,876	1,841
Social security costs	8,579	7,779
Pension costs	1,648	1,782
	94,320	87,642

The figures stated above are Group staff costs and as such include the costs for Ray Kelvin, who is the only salaried employee of the parent company for both periods.

Further details of his remuneration may be found in the Directors' Remuneration Report on pages 50–68.

5. STAFF NUMBERS AND COSTS CONTINUED
DIRECTORS' REMUNERATION

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
Executive Directors' remuneration	921	903
Non-Executive Directors' remuneration	281	220
Amounts received by Executive Directors under long-term incentive schemes	2,587	875
Company contributions to Executive Directors' money purchase pension plans	54	53

The aggregate of remuneration and amounts receivable under long-term incentive schemes of the highest paid Director was £2,191,000 (2017: £1,318,000). In the period ended 27 January 2018, amounts received under long-term incentive schemes related to the exercise of options due to Ray Kelvin under Award 1 of the 2013 LTIP and Ray Kelvin and Lindsay Page under Award 2 of the 2013 LTIP. In the period ended 28 January 2017, amounts received under the long-term incentive schemes related to the exercise of options due to Lindsay Page under Award 1 of the 2013 LTIP. Further details can be found in the Directors' Remuneration Report.

No amounts in relation to pension contributions to a money purchase scheme were made on behalf of Ray Kelvin during the 52 weeks ended 27 January 2018 or the 52 weeks ended 28 January 2017. Amounts in relation to pension contributions to a money purchase scheme were made on behalf of Lindsay Page during the period totalling £53,922 (2017: £53,125).

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
Retirement benefits are accruing to the following number of Directors under money purchase schemes	1	1

6. INCOME TAX EXPENSE
A) THE TAX CHARGE COMPRISES:

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
Current tax		
United Kingdom corporation tax	12,190	12,343
Overseas tax	5,499	3,625
Deferred tax		
United Kingdom corporation tax	827	977
Overseas tax	(1,833)	(1,038)
PRIOR PERIOD (OVER)/UNDER PROVISION		
Current tax	(2,403)	(4,481)
Deferred tax	1,765	3,277
	16,045	14,703

The movements in prior year current and deferred tax provisions are largely as a result of claiming interest deductions in US tax returns previously not taken (2017: movements largely due to accelerated tax relief claims on fixed assets in the US).

6. INCOME TAX EXPENSE CONTINUED
B) DEFERRED TAX MOVEMENT BY TYPE

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
Property, plant and equipment	(388)	(464)
Share-based payments	(174)	(49)
Overseas losses	757	379
Inventory	475	(41)
Other	336	236
	1,006	61

For further details please refer to Note 13.

C) FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD

The tax assessed for the period is higher than the tax calculated at domestic rates applicable to profits in the respective countries. The differences are explained below.

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
Profit before tax	68,789	61,271
Profit multiplied by the standard rate in the UK of 19.16% (2017: standard rate in the UK of 20%)	13,180	12,254
Income not taxable/expenses not deductible for tax purposes	771	675
Overseas losses not recognised	1,334	1,494
Movement in current and deferred tax on share awards and options	103	31
Prior period overprovision	(638)	(1,204)
Difference due to overseas tax rates	1,295	1,453
TOTAL INCOME TAX EXPENSE	16,045	14,703

D) DEFERRED AND CURRENT TAX RECOGNISED DIRECTLY IN EQUITY

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
Current tax credit on share awards and options	(1,058)	(554)
Deferred tax charge on share awards and options	523	273
Deferred tax (credit)/charge associated with movement in hedging reserve	(2,284)	1,193
Current tax (credit)/charge associated with foreign exchange movements in reserves	(1,963)	1,458
	(4,782)	2,370

There was a reduction in the UK corporation tax rate to 19% from 1 April 2017 and there will be a further reduction to 17% from 1 April 2020. There was a reduction in the US federal corporate income tax rate to 21% from 1 January 2018.

As the deferred tax assets and liabilities should be recognised based on the corporation tax rate at which they are anticipated to unwind, the assets and liabilities on UK operations have been recognised at a rate of 19%. Assets and liabilities arising on foreign operations have been recognised at the applicable overseas tax rates.

7. PROFIT ATTRIBUTABLE TO TED BAKER PLC

The profit after tax for the 52 weeks ended 27 January 2018 of Ted Baker Plc, the parent company was £25,825,000 (2017: £27,246,000). The Directors have approved the income statement for the parent company.

8. DIVIDENDS PER SHARE

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
Final dividend paid for prior period of 38.8p per ordinary share (2017: 34.6p)	17,176	15,215
Interim dividend paid of 16.6p per ordinary share (2017: 14.8p)	7,377	6,521
	24,553	21,736

A final dividend in respect of 2018 of 43.5p per share, amounting to a dividend payable of £19,346,280 is to be proposed at the Annual General Meeting on 12 June 2018.

9. EARNINGS PER SHARE

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
Number of shares:	No.	No.
Weighted number of ordinary shares outstanding	44,306,134	44,034,459
Effect of dilutive options	289,241	516,310
WEIGHTED NUMBER OF ORDINARY SHARES OUTSTANDING – DILUTED	**44,595,375**	**44,550,769**
EARNINGS:	£'000	£'000
Profit for the period basic and diluted	52,744	46,568
Profit for the period adjusted*	56,597	50,178
Basic earnings per share	119.0p	105.7p
Adjusted earnings per share*	127.7p	114.0p
Diluted earnings per share	118.3p	104.5p
Adjusted diluted earnings per share*	126.9p	112.6p

Diluted earnings per share and adjusted diluted earnings per share have been calculated using additional ordinary shares of 5p each available under the Ted Baker Sharesave Scheme and the Ted Baker PLC Long-Term Incentive Plan 2013.
There were no share related events after the balance sheet date that may affect earnings per share.
* Adjusted profit for the period and adjusted earnings per share are shown before the exceptional items (net of tax) of £3.9m (2017: £3.6m).

10. INTANGIBLE ASSETS

	KEY MONEY	COMPUTER SOFTWARE	COMPUTER SOFTWARE UNDER DEVELOPMENT	TOTAL
	£'000	£'000	£'000	£'000
COST				
At 28 January 2017	624	13,619	14,854	29,097
Additions/transfers	738	14,300	(1,739)	13,299
Disposals	-	-	-	-
Exchange rate movement	19	(119)	-	(100)
AT 27 JANUARY 2018	**1,381**	**27,800**	**13,115**	**42,296**
AMORTISATION				
At 28 January 2017	-	4,652	-	4,652
Charge for the period	-	3,377	-	3,377
Disposals	-	-	-	-
Exchange rate movement	-	(106)	-	(106)
AT 27 JANUARY 2018	**-**	**7,923**	**-**	**7,923**
NET BOOK VALUE				
AT 28 JANUARY 2017	**624**	**8,967**	**14,854**	**24,445**
AT 27 JANUARY 2018	**1,381**	**19,877**	**13,115**	**34,373**

	KEY MONEY	COMPUTER SOFTWARE	COMPUTER SOFTWARE UNDER DEVELOPMENT	TOTAL
	£'000	£'000	£'000	£'000
COST				
At 30 January 2016	879	8,361	10,649	19,889
Additions/transfers	-	5,134	4,205	9,339
Disposals	(351)	-	-	(351)
Exchange rate movement	96	124	-	220
AT 28 JANUARY 2017	**624**	**13,619**	**14,854**	**29,097**
AMORTISATION				
At 30 January 2016	-	2,642	-	2,642
Charge for the period	-	1,925	-	1,925
Disposals	-	-	-	-
Exchange rate movement	-	85	-	85
AT 28 JANUARY 2017	**-**	**4,652**	**-**	**4,652**
NET BOOK VALUE				
AT 30 JANUARY 2016	**879**	**5,719**	**10,649**	**17,247**
AT 28 JANUARY 2017	**624**	**8,967**	**14,854**	**24,445**

10. INTANGIBLE ASSETS CONTINUED

The key money brought forward relates to the right to lease stores that have a guaranteed residual value. The guaranteed value arises because the next tenants based on current market conditions are required to pay these amounts to the Group. Due to the nature of this, the assets are considered recoverable and no amortisation is charged each period as the residual value of the asset is considered to be in excess of the carrying value. The current market rate rents, for both stores included within the intangible assets, continue to be above the rent under the lease terms and hence no decline in values is foreseen.

Additions included within key money relate to the right to lease a new store that has a guaranteed residual value. Additions included within computer software relate to the Microsoft Dynamics AX system and further development of our e-commerce platforms and other business systems. Additions included within the computer software under development category relate to the Microsoft Dynamics AX system and are stated net of transfers to computer software. Transfers from the computer software under development category in the period amounted to £14,300,000 (2017: £5,134,000) while additions into this category were £12,561,000 (2017: £9,339,000).

11. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDINGS	LEASEHOLD IMPROVEMENTS	FIXTURES, FITTINGS AND OFFICE EQUIPMENT	MOTOR VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
At 28 January 2017	57,973	116,013	80,163	111	6,204	260,464
Additions/transfers	-	10,570	10,789	-	2,180	23,539
Disposals	-	(3,608)	(2,799)	-	-	(6,407)
Exchange rate movement	-	(5,225)	(1,991)	-	(270)	(7,486)
AT 27 JANUARY 2018	57,973	117,750	86,162	111	8,114	270,110
DEPRECIATION						
At 28 January 2017	483	56,654	58,866	107	-	116,110
Charge for the period	448	10,573	8,839	1	-	19,861
Disposals	-	(3,435)	(2,690)	-	-	(6,125)
Impairment	-	4,072	461	-	-	4,533
Exchange rate movement	-	(2,018)	(1,326)	-	-	(3,344)
AT 27 JANUARY 2018	931	65,846	64,150	108	-	131,035
NET BOOK VALUE						
AT 28 JANUARY 2017	57,490	59,359	21,297	4	6,204	144,354
AT 27 JANUARY 2018	57,042	51,904	22,012	3	8,114	139,075

11. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	FREEHOLD LAND AND BUILDINGS	LEASEHOLD IMPROVEMENTS	FIXTURES, FITTINGS AND OFFICE EQUIPMENT	MOTOR VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
At 30 January 2016	57,973	87,384	69,813	110	3,308	218,588
Additions/transfers	-	23,816	8,038	1	2,560	34,415
Disposals	-	(1,538)	(986)	-	-	(2,524)
Exchange rate movement	-	6,351	3,298	-	336	9,985
AT 28 JANUARY 2017	57,973	116,013	80,163	111	6,204	260,464
DEPRECIATION						
At 30 January 2016	32	45,120	49,934	105	-	95,191
Charge for the period	451	10,562	8,026	2	-	19,041
Disposals	-	(1,466)	(898)	-	-	(2,364)
Impairment	-	-	-	-	-	-
Exchange rate movement	-	2,438	1,804	-	-	4,242
AT 28 JANUARY 2017	483	56,654	58,866	107	-	116,110
NET BOOK VALUE						
AT 30 JANUARY 2016	57,941	42,264	19,879	5	3,308	123,397
AT 28 JANUARY 2017	57,490	59,359	21,297	4	6,204	144,354

Additions included within the assets under construction category are stated net of transfers to other property, plant and equipment categories. Transfers from the assets under construction category in the period amounted to £21,359,000 (2017: £31,855,000) while additions into this category were £23,539,000 (2017: £34,415,000).

IMPAIRMENT OF LEASEHOLD IMPROVEMENTS

The Group has determined that for the purposes of impairment testing, each store and outlet is tested for impairment if there are indications of impairment at the balance sheet date.

Recoverable amounts for cash-generating units are based on value in use, which is calculated from cash flow projections using data from the Group's latest internal forecasts, the results of which are reviewed by the Board. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins. Management estimates discount rates using pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the cash-generating units. Changes in selling prices and direct costs are based on past experience and expectations of future changes in the market.

The pre-tax discount rate used to calculate value in use is derived from the Group's adjusted weighted average cost of capital.

The impairment losses relate to stores whose recoverable amounts (value in use) did not exceed the asset carrying values. In all cases, impairment losses arose due to stores performing below projected trading levels.

The impairment charge of £4.5m (2017: £nil) for the 52 weeks ended 27 January 2018 is in respect of three stores in the US and one store in Europe that have not performed as expected.

12. INVESTMENTS (COMPANY)
A) SUBSIDIARY UNDERTAKINGS

The Company and Group have shares in the following subsidiary undertakings. All of the subsidiaries have been included in the consolidated accounts.

SUBSIDIARY UNDERTAKING	COUNTRY OF INCORPORATION AND OPERATION	ADDRESS	PRINCIPAL ACTIVITY	HOLDING ORDINARY SHARES
No Ordinary Designer Label Ltd (formerly Ted Baker Limited)*	UK	The Ugly Brown Building 6a St Pancras Way London NW1 0TB United Kingdom	Design, wholesale and retail of designer clothing and accessories	100%
Ted Baker Limited	US	1072 North State Street Ukiah, California 95482 USA	Retail and wholesale of designer clothing and accessories	100%
Ted Baker Canada Inc.	Canada	1959 Upper Water Street Halifax, Nova Scotia Canada B3J 3E5	Retail and wholesale of designer clothing and accessories	100%
Ted Baker (France) SARL	France	c/o Regus 9 Rue du 4 Septembre 75002 Paris, France	Retail of designer clothing and accessories	100%
Ted Baker Spain S. L.	Spain	c/Arturo Soria 263B 28033 Madrid, Spain	Retail of designer clothing and accessories	100%
Ted Baker Netherlands B. V.	The Netherlands	Leidsestraat 64 Amsterdam 1017PD The Netherlands	Retail of designer clothing and accessories	100%
Ted Baker Germany GmbH	Germany	c/o Roever Broenner Susat Mazars GmbH & Co. KG Alt-Moabit 2 10557 Berlin, Germany	Retail of designer clothing and accessories	100%
Ted Baker Belgium N.V.	Belgium	De Keyserlei 5 Box 58 2018 Antwerp Belgium	Retail of designer clothing and accessories	100%
Ted Baker Hong Kong Limited	Hong Kong	Room 3001-2 Tower 2 The Gateway 25–27 Canton Road Tsim Sha Tsui Hong Kong	Retail of designer clothing and accessories	100%
Ted Baker Japan KK	Japan	4-25-14, Jingumae, Shibuya-Ku Tokyo, Japan	Retail of designer clothing and accessories	100%
Ted Baker Korea Yuhan Hoesa	Korea	Seoul Finance Center Level 21 136 Sejong-daero Jung-gu	Retail of designer clothing and accessories	100%
Ted Baker (Beijing) Commercial Company	The People's Republic of China	Unit LG1-08 and 09 Floor LG1 Parkview Green FangCaoDi No. 9 Dongdaqiao Rd Chaoyang District Beijing, PRC	Retail of designer clothing and accessories	100%

12. INVESTMENTS (COMPANY)
A) SUBSIDIARY UNDERTAKINGS CONTINUED

SUBSIDIARY UNDERTAKING	COUNTRY OF INCORPORATION AND OPERATION	ADDRESS	PRINCIPAL ACTIVITY	HOLDING ORDINARY SHARES
Ted Baker SA (Pty) Ltd	South Africa	Building 5 Inanda Greens Business Park, 54 Wierda Rd Westwierda Valley Sandton 2146 South Africa	Retail of designer clothing and accessories	100%
Big Lobster Limited	UK	The Ugly Brown Building 6a St Pancras Way London NW1 0TB United Kingdom	Property	100%
Little Lobster Limited	UK	The Ugly Brown Building 6a St Pancras Way London NW1 0TB United Kingdom	Dormant	100%

*Held directly by Ted Baker Plc

B) SUBSIDIARY UNDERTAKINGS – COST AND NET BOOK VALUE

	COMPANY
	£'000
At 28 January 2017	23,102
Increase in cost of investment for share options/awards granted to subsidiary employees	1,691
AT 27 JANUARY 2018	**24,793**

	COMPANY
	£'000
At 30 January 2016	21,482
Increase in cost of investment for share options/awards granted to subsidiary employees	1,620
AT 28 JANUARY 2017	**23,102**

C) INTEREST IN JOINT VENTURE

The Group has a 50% interest in the ordinary share capital of No Ordinary Retail Company Pty, a company incorporated in Australia through its wholly owned subsidiary, No Ordinary Designer Label Limited. The joint venture is represented by eight stores in Australia and one store in New Zealand (2017: eight stores in Australia and one store in New Zealand).

	52 WEEKS ENDED 27 JANUARY 2018	52 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
Opening investment in joint venture	1,897	1,641
Share of profit of joint venture	574	550
Dividend received	(578)	(294)
CLOSING INVESTMENT IN JOINT VENTURE	**1,893**	**1,897**

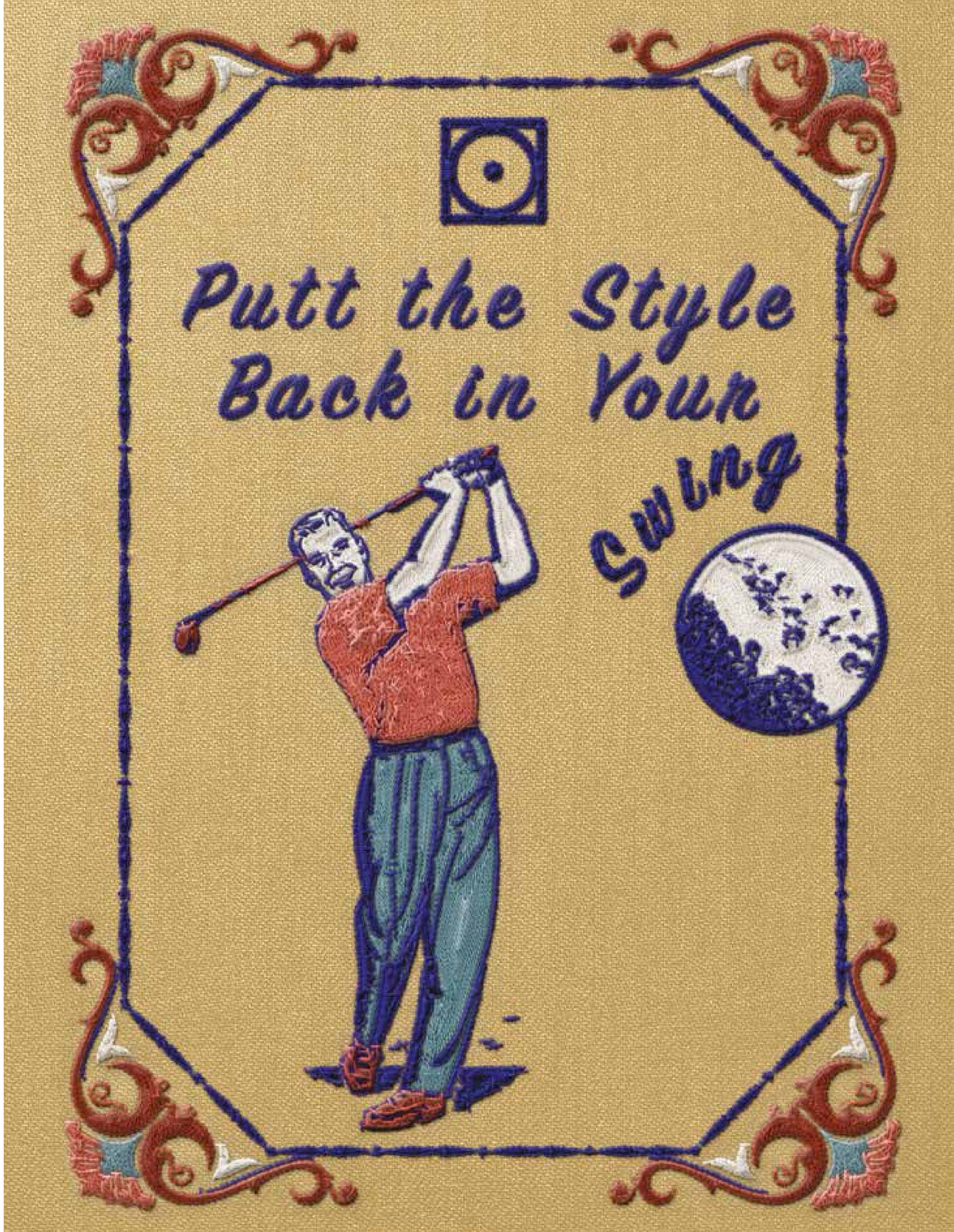
The above carrying value represents the initial cost of the investment undertaken, as well as any subsequent change in net assets of the venture, as at 27 January 2018.

12. INVESTMENTS (COMPANY)
C) INTEREST IN JOINT VENTURE CONTINUED

	27 JANUARY 2018	28 JANUARY 2017
	£'000	£'000
AMOUNTS DUE FROM EQUITY ACCOUNTED INVESTEE	666	653

There are no contingent liabilities relating to the Group's interest in the joint venture, and no contingent liabilities of the venture itself. The joint venture's profit for the period ended 27 January 2018 and its assets and liabilities are as follows:

	27 JANUARY 2018	28 JANUARY 2017
	£'000	£'000
Non-current assets	3,272	3,710
Current assets	3,276	2,994
Non-current liabilities	-	-
Current liabilities	(3,318)	(3,289)
NET ASSETS	3,230	3,415
Share capital	29	31
Retained earnings	2,135	2,246
Current period profit, net of tax	1,148	1,100
Exchange rate movement	(82)	38
TOTAL EQUITY	3,230	3,415



13. DEFERRED TAX ASSETS AND LIABILITIES

AS AT 27 JANUARY 2018	ASSET/ (LIABILITY) BROUGHT FORWARD	(CHARGE)/CREDIT TO INCOME STATEMENT	(CHARGE)/CREDIT TO EQUITY	FOREIGN EXCHANGE ON RETRANSLATION	ASSET/(LIABILITY) CARRIED FORWARD
	£'000	£'000	£'000	£'000	£'000
DEFERRED TAX ASSET/(LIABILITY) ON UK OPERATIONS ARISING FROM:					
ASSETS					
Share-based payments	2,050	(174)	(523)	-	1,353
Other	59	(39)	-	-	20
Derivative financial instruments	(1,579)	-	2,284	-	705
LIABILITIES					
Property, plant and equipment	(2,879)	(472)	-	-	(3,351)
NET DEFERRED TAX ASSET/ (LIABILITY) ON UK OPERATIONS	(2,349)	(685)	1,761	-	(1,273)
DEFERRED TAX ASSET ON FOREIGN OPERATIONS ARISING FROM:					
Foreign trading losses	2,127	(238)	-	(173)	1,716
Inventory	1,472	(27)	-	(154)	1,291
Other	1,436	276	-	(29)	1,683
DEFERRED TAX LIABILITY ON FOREIGN OPERATIONS ARISING FROM:					
Property, plant and equipment	(589)	(85)	-	98	(576)
NET DEFERRED TAX ASSET ON FOREIGN OPERATIONS	4,446	(74)	-	(258)	4,114
TOTAL	2,097	(759)	1,761	(258)	2,841

Recognition of deferred tax assets is based on the generation of future taxable profits that will allow utilisation of losses.

Deferred tax assets are only recognised on the foreign trading losses when these businesses pass their development phase and when management considers it probable that future taxable profits will be available against which they can be utilised.

The tax effect of the unused cumulative tax losses for which no deferred tax asset has been recognised in the balance sheet is £7,085,000 (2017: £5,401,000). £3,221,000 of losses will expire in two to five years. A further £2,325,000 of losses will expire in six to ten years. £1,539,000 of losses have no time expiry.

14. INVENTORIES

	GROUP 27 JANUARY 2018	GROUP 28 JANUARY 2017
	£'000	£'000
Raw materials and packaging	8,220	6,371
Work in progress	1,208	1,331
Finished goods and goods for resale	177,799	150,798
	187,227	**158,500**
Cost of inventories recognised as an expense within cost of sales during the period	226,933	209,386
Inventories written down and recognised as an expense in the period	8,468	8,485

There were no reversals of write downs during the period (2017: £nil).

Inventories written down and recognised as an expense in the period relates to inventory written down to the net realisable value and the net movement in inventory provisions during the period. The write down and any reversal are included in cost of sales.

15. TRADE AND OTHER RECEIVABLES

	GROUP 27 JANUARY 2018	COMPANY 27 JANUARY 2018	GROUP 28 JANUARY 2017	COMPANY 28 JANUARY 2017
	£'000	£'000	£'000	£'000
Trade receivables	42,658	-	41,999	-
Amounts owed by Group undertakings	-	55,232	-	51,932
Prepayments and accrued income	19,628	-	15,791	-
Other taxes and social security	1,987	-	1,461	-
	64,273	**55,232**	**59,251**	**51,932**

16. DERIVATIVE FINANCIAL INSTRUMENTS

	ASSETS 27 JANUARY 2018	LIABILITIES 27 JANUARY 2018	ASSETS 28 JANUARY 2017	LIABILITIES 28 JANUARY 2017
	£'000	£'000	£'000	£'000
DERIVATIVES THAT ARE DESIGNED AND EFFECTIVE AS HEDGING INSTRUMENTS AND CARRIED AT FAIR VALUE:				
Forward foreign exchange contracts	128	(3,918)	8,870	-
Interest rate swap	144	-	-	(66)
DERIVATIVES THAT ARE CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS:				
Foreign currency options	206	-	104	(550)
	478	**(3,918)**	**8,974**	**(616)**

16. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Forward foreign exchange contracts are used to hedge exposure to fluctuations in foreign exchange rates that arise in the normal course of the Group's business.

Interest rate swaps are used to hedge exposures to fluctuations in the interest rate payable on the Group's term loan.

The Group did not have any ineffective cash flow hedges in the period (2017: £nil).

Gains and losses in equity relating to derivatives in effective hedging relationships at 27 January 2018 will remain there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects the income statement.

The charge to the income statement in respect of charges in the fair value of foreign currency derivatives that do not meet the criteria for hedge accounting was £767,000 (2017: £677,000).

17. RECONCILIATION OF CASH AND CASH EQUIVALENTS PER BALANCE SHEET TO CASH FLOW STATEMENT

	GROUP 27 JANUARY 2018	COMPANY 27 JANUARY 2018	GROUP 28 JANUARY 2017	COMPANY 28 JANUARY 2017
	£'000	£'000	£'000	£'000
Cash and cash equivalents per balance sheet	16,712	940	21,401	2,238
Bank overdraft per balance sheet	(76,043)	-	(58,074)	-
NET CASH AND CASH EQUIVALENTS PER CASH FLOW STATEMENT	(59,331)	940	(36,673)	2,238

18. TRADE AND OTHER PAYABLES

	GROUP 27 JANUARY 2018	COMPANY 27 JANUARY 2018	GROUP 28 JANUARY 2017	COMPANY 28 JANUARY 2017
	£'000	£'000	£'000	£'000
Trade payables	36,257	-	45,329	-
Accruals and deferred income	37,807	-	29,093	23
Other taxes and social security	8,794	-	6,573	-
	82,858	-	80,995	23

19. PROVISIONS FOR LIABILITIES AND CHARGES

	PROPERTY PROVISIONS
	£'000
At 28 January 2017	2,917
Released in the period (see Note 3)	(1,108)
Utilised in the period	(1,809)
AT 27 JANUARY 2018	-

Property provisions comprised an onerous lease provision and a dilapidations provision relating to the Group's legacy distribution centres. The provisions were partially utilised in the period and the remaining provisions were released to the Consolidated Income Statement as an exceptional item (see Note 3) following the assignment of the leases.

20. CAPITAL AND RESERVES

	27 JANUARY 2018	28 JANUARY 2017
	£'000	£'000
Authorised – 80,000,000 ordinary shares of 5p each (2017: 80,000,000)	4,000	4,000
Allotted, called up and fully paid – 44,474,208 ordinary shares of 5p each (2017: 44,168,656)	2,224	2,208

The increase in issued share capital in the period of 305,552 shares (2017: 197,202 shares) relates to the exercise of share options, including LTIPs.

At 27 January 2018, the Ted Baker Group Employee Benefit Trust ("Employee Trust") and the Ted Baker 1998 Employee Benefit Trust ("1998 Trust") did not hold any ordinary shares in Ted Baker Plc (2017: Employee Trust – nil, 1998 Trust – nil).

OTHER RESERVES AND RETAINED EARNINGS

Other reserves and retained earnings include the following reserve accounts:

CASH FLOW HEDGING RESERVE

The effective portion of financial instruments that are designated as hedging instruments and are documented as part of an effective hedge of future cash flows are recognised directly in equity and recycled to the income statement when the underlying cash flows occur, or are no longer expected to occur.

TRANSLATION RESERVE

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

OTHER RESERVES – COMPANY

This reserve relates to the premium on equity consideration used in the acquisition of a subsidiary, No Ordinary Designer Label Limited, by Ted Baker Plc in 1997, which is classified within other reserves under the Companies Act. This reserve also includes the cost of share options and awards granted to employees of the Group. This reduction in other reserves is reflected in retained earnings in the Group Statement of Changes in Equity.

21. SHARE-BASED PAYMENTS

LONG-TERM INCENTIVE PLAN

Share awards are made in the form of nil-cost options over Ordinary shares in Ted Baker Plc under the Long-Term Incentive Plan 2013 ("LTIP 2013"), which was approved by the shareholders at the general meeting held on 20 June 2013. The options are exercisable three years after the date of grant subject to the satisfaction of profit before tax per share and share price performance targets, each measured over a three year period. The profit before tax per share target is calibrated so that the percentage of awards that vests is linked to the level of profit growth achieved.

Share options and awards granted under the LTIP 2013 and outstanding at the end of the period were as follows:

GRANT DATE	EXPIRY DATE	NUMBER OF OPTIONS GRANTED	FAIR VALUE AT GRANT DATE	NUMBER OF AWARDS OUTSTANDING AT 27 JANUARY 2018	NUMBER OF AWARDS OUTSTANDING AT 28 JANUARY 2017
3 July 2013	2 July 2023	220,226	1,140.0p	-	42,964
1 May 2014	30 April 2024	254,141	695.0p	5,604	230,646
30 April 2015	29 April 2025	192,860	1,785.0p	153,118	179,201
5 May 2016	4 May 2026	234,159	875.0p	187,829	231,533
6 April 2017	5 April 2027	221,234	1,355.0p	185,148	-
		1,122,620		531,699	684,344

The terms and conditions of the awards granted during the period ended 27 January 2018 were the same as those for the awards made under the LTIP 2013 in previous periods and are as follows:

GRANT DATE	TYPE OF AWARD	NUMBER OF OPTIONS	VESTING CONDITIONS	VESTING PERIOD
6 April 2017	LTIP 2013	221,234	Adjusted profit before tax per share growth of 10–15% per annum and 10% share price growth over the vesting period	Up to 100% after three years

The charge for the period to the income statement in respect of options issued under the LTIP 2013 amounted to £1,494,000 (2017: £1,505,000). In respect of Ray Kelvin, who is employed by the Company, there is a charge of £185,000 in the period (2017: £219,000).

The Monte-Carlo valuation methodology has been used as the basis of measuring the fair value of awards made under the LTIP 2013. The range of inputs into the Monte-Carlo model for awards made was as follows:

Share price at grant	1,849.0p–2,855.0p
Share price at grant (based on six month average) for share price performance condition	2,103.0p–2,744.0p
Risk free interest rate	0.18%–1.18%
Expected life of options	3 years
Share price volatility	29.0%–32.89%
Dividend yield	1.41%–2.02%

The share price volatility was determined by calculating the historic volatility of the Group's share price over a time period matching the expected life of the option.

NOTES TO THE FINANCIAL STATEMENTS

22. FINANCIAL COMMITMENTS

A) CAPITAL COMMITMENTS

The Group has capital commitments of £17,703,635 at 27 January 2018 (2017: £15,095,165) which were not provided in the financial statements.

B) OPERATING LEASES

Total of future lease payments under non-cancellable operating leases are as follows:

	AS AT 27 JANUARY 2018	AS AT 28 JANUARY 2017
	£'000	£'000
Leasehold properties:		
Within one year	42,855	45,859
Between one and five years	131,705	144,993
Later than five years	79,689	99,396
Concessions:		
Within one year	11,983	12,540
Between one and five years	459	834
Later than five years	-	-
	266,691	303,622

The above table includes the minimum future commitments assuming no lease terminations. Under certain arrangements if a lease is terminated the quantum of any future minimum lease payments is subject to the terms of the contract which may result in final payments lower than those disclosed above.

Our operating leases for retail stores often contain rental expenses based on revenue ("revenue leases"). Under the terms of certain revenue leases there are minimum payments due, together with variable amounts in excess of those minimums which are based on the store's future revenue levels. For certain other revenue leases there are no minimum payment conditions within the terms of the lease such that rental charges are contingent wholly on future store revenue levels.

The table above includes only committed minimum payments and excludes the variable or contingent elements of future rental payments. As a result, the amounts charged to the Income Statement may be materially higher than the financial commitment at the prior period end.

C) PENSION ARRANGEMENTS

The Group operates a number of defined contribution schemes for senior management and a stakeholder pension scheme for employees, for which the pension cost charge for the period amounted to £1,648,000 (2017: £1,782,000). Contributions totalling £186,328 are included in other payables at the period end (2017: £129,706).

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT
A) CARRYING AMOUNT AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS AND LIABILITIES – GROUP

The fair values of financial assets and liabilities of the Group, together with the carrying amounts shown in the balance sheet, are as follows:

	CARRYING AMOUNT 27 JANUARY 2018	FAIR VALUE 27 JANUARY 2018	CARRYING AMOUNT 28 JANUARY 2017	FAIR VALUE 28 JANUARY 2017
	£'000	£'000	£'000	£'000
FINANCIAL ASSETS				
Trade receivables	42,658	42,658	41,999	41,999
Accrued income	1,819	1,819	1,063	1,063
Amount due from equity accounted investee	666	666	653	653
Derivative financial assets	478	478	8,974	8,974
Cash and cash equivalents	16,712	16,712	21,401	21,401
TOTAL FINANCIAL ASSETS	**62,333**	**62,333**	**74,090**	**74,090**
FINANCIAL LIABILITIES				
Trade and other payables	(74,064)	(74,064)	(74,422)	(74,422)
Derivative financial liabilities	(3,918)	(3,918)	(616)	(616)
Bank overdraft	(76,043)	(76,043)	(58,074)	(58,074)
Provision	-	-	(2,917)	(2,917)
Term loan	(52,500)	(52,500)	(58,500)	(58,500)
TOTAL FINANCIAL LIABILITIES	**(206,525)**	**(206,525)**	**(194,529)**	**(194,529)**
NET FINANCIAL LIABILITIES	**(144,192)**	**(144,192)**	**(120,439)**	**(120,439)**

There are no significant trade debtor balances overdue and no significant amounts impaired at the end of the period.

FINANCIAL ASSETS AND LIABILITIES – COMPANY

The fair values of financial assets and liabilities of the Company, together with the carrying amounts shown in the balance sheet, are as follows:

	CARRYING AMOUNT 27 JANUARY 2018	FAIR VALUE 27 JANUARY 2018	CARRYING AMOUNT 28 JANUARY 2017	FAIR VALUE 28 JANUARY 2017
	£'000	£'000	£'000	£'000
FINANCIAL ASSETS				
Amounts owed by Group undertakings	55,232	55,232	51,932	51,932
Cash and cash equivalents	940	940	2,238	2,238
TOTAL FINANCIAL ASSETS	**56,172**	**56,172**	**54,170**	**54,170**
FINANCIAL LIABILITIES				
Trade and other payables	-	-	(23)	(23)
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**(23)**	**(23)**
NET FINANCIAL ASSETS	**56,172**	**56,172**	**54,147**	**54,147**

The methods and assumptions used to estimate fair values of financial assets and liabilities are as follows:

1. Cash and cash equivalents have been stated at their book values due to their short maturities or immediate or short-term access.
2. The fair values of trade receivables, amount due from equity accounted investee and amounts owed by Group undertakings have been stated at their book value due to their short maturities.
3. The fair value of derivatives is determined by reference to third-party valuations (usually from a bank) or by reference to readily observable market prices.
4. The fair values of trade and other payables have been stated at their book values due to their short maturities.
5. The fair value of the term loan considers the present value of expected payment discounted using a risk-adjusted discount rate.

Valuation of all financial assets and liabilities carried at fair value by the Group is based on hierarchy Level 2. Fair value hierarchy levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

B) DERIVATIVE FINANCIAL INSTRUMENTS

	CONTRACTUAL/ NOTIONAL AMOUNTS 27 JANUARY 2018	ASSETS 27 JANUARY 2018	LIABILITIES 27 JANUARY 2018	CONTRACTUAL/ NOTIONAL AMOUNTS 28 JANUARY 2017	ASSETS 28 JANUARY 2017	LIABILITIES 28 JANUARY 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Currency derivatives	59,900	334	(3,918)	72,874	8,974	(550)
Interest rate swap	30,000	144	-	30,000	-	(66)
	89,900	**478**	**(3,918)**	**102,874**	**8,974**	**(616)**

C) CASH FLOW HEDGING RESERVE MOVEMENTS

The following table indicates the cash flow hedging reserve balance at 27 January 2018 and the periods in which the cash flows are expected to occur. The periods in which the cash flows are expected to impact the income statement are materially the same.

	CURRENCY DERIVATIVES 27 JANUARY 2018	CURRENCY DERIVATIVES 28 JANUARY 2017
	£'000	£'000
Within six months	(1,203)	2,647
Between six months and one year	(1,555)	2,982
Between one and two years	(388)	1,173
UNRECOGNISED (LOSS)/GAIN	**(3,146)**	**6,802**

The cash flow hedging reserve relating to interest rate swaps at 27 January 2018 is a gain of £144,000 (2017: loss of £66,000). The cash flows are expected to occur over the period to maturity of the term loan.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

D) FINANCIAL RISK IDENTIFICATION AND MANAGEMENT

The Group's multinational operations and debt financing requirements expose it to a variety of financial risks. In the course of its business the Group is exposed to:

- market risk;
- credit risk; and
- liquidity risks have been established and are reviewed regularly to reflect changes in the market conditions and the Group's activities. The Group, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

I) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. At the balance sheet date, the only significant market risk to the Group arises from foreign currency and interest rate risk.

FOREIGN CURRENCY RISK

The Group operates internationally and is therefore exposed to foreign currency risk primarily on purchases of inventory denominated in US Dollars and Euros.

The Board reviews and agrees policies for managing exchange rate risks on a regular basis. Where appropriate, the Group uses financial instruments to mitigate these risks. All transactions in derivatives, principally forward exchange contracts, are taken solely to manage these risks. No transactions of a speculative nature are entered into.

The Group's policy is to hedge substantially all the risks of such currency fluctuations by using forward contracts taking into account forecast foreign currency cash inflows and outflows. The policy allows for these risks to be hedged for up to 24 months ahead in order to fix the cost in Sterling.

The vast majority of projected purchases in each major currency qualifies as "highly probable" forecast transactions for hedge accounting purposes.

The Group also publishes its financial statements in Sterling and is therefore exposed to foreign currency translation risks due to movements in foreign exchange rates on the translation of the results and underlying net assets of its foreign operations into Sterling.

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement and equity of a 10% strengthening or weakening in Sterling against all other currencies, using the rates applicable at 27 January 2018. The analysis assumes that all other variables, in particular, interest rates, remain constant.

The following sensitivity analysis illustrates the impact that a 10% strengthening of the Group's reporting currency against local functional currencies would have had on profit before tax and non-controlling interest and equity. The analysis covers currency translation exposures at the period end on the Group's financial assets and liabilities that are not denominated in the functional currencies of those businesses.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

A 10% (2017: 10%) strengthening or weakening of the Sterling against the following currencies at 27 January 2018 would have increased/(decreased) equity and profit by the amounts shown in the following table:

	IMPACT ON PROFIT 27 JANUARY 2018	IMPACT ON EQUITY 27 JANUARY 2018	IMPACT ON PROFIT 28 JANUARY 2017	IMPACT ON EQUITY 28 JANUARY 2017
TEST OF 10% (2017: 10%) STRENGTHENING IN STERLING AGAINST OTHER CURRENCIES				
	£'000	£'000	£'000	£'000
US Dollar	1,445	1,445	1,656	1,656
Euro	89	89	(366)	(366)
	1,534	1,534	1,290	1,290
TEST OF 10% (2017: 10%) WEAKENING IN STERLING AGAINST OTHER CURRENCIES				
US Dollar	(1,766)	(1,766)	(2,024)	(2,024)
Euro	(108)	(108)	447	447
	(1,874)	(1,874)	(1,577)	(1,577)

INTEREST RATE RISK

The Group's exposure to interest rate risk is limited to floating rate financial assets and liabilities.

The Group's policy is to minimise the impact of adverse interest rate movements through the use of interest rate management tools. Any interest rate management tools are to be aligned with timescales of current and forecast net debt for which underlying projections can be made with an appropriate degree of accuracy. The Group's interest rate derivatives comprise interest rate swap agreements, fixing a portion of the floating rate net debt.

The interest rate profile of the financial assets and liabilities of the Group is as follows:

FINANCIAL ASSETS AND LIABILITIES SUBJECT TO INTEREST RATE RISK	GROUP 27 JANUARY 2018	COMPANY 27 JANUARY 2018	GROUP 28 JANUARY 2017	COMPANY 28 JANUARY 2017
	£'000	£'000	£'000	£'000
Sterling	(95,229)	940	(83,780)	2,238
US Dollar	4,668	-	6,897	-
Euro	3,526	-	5,900	-
Other	5,040	-	5,661	-
	(81,995)	940	(65,322)	2,238

The above table does not include the notional value of net debt for which interest rate swaps are in place.

INTEREST RATE SENSITIVITY ANALYSIS

The following sensitivity analysis illustrates the impact that a change of 50 basis points in interest rates at the balance sheet date would have increased/(decreased) equity and profit by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

	IMPACT ON PROFIT 27 JANUARY 2018	IMPACT ON EQUITY 27 JANUARY 2018	IMPACT ON PROFIT 28 JANUARY 2017	IMPACT ON EQUITY 28 JANUARY 2017
	£'000	£'000	£'000	£'000
Interest rate increase of 0.5%	(410)	(410)	(327)	(327)
Interest rate decrease of 0.5%	410	410	327	327

II) CREDIT RISK

Credit risk is the risk that counterparties to financial instruments do not perform according to the terms of the contract or instrument. The Group's principal financial assets are cash, trade and other receivables, and derivative financial assets. The Group's credit risk is primarily attributable to its trade and other receivables.

TRADE AND OTHER RECEIVABLES

Credit risk arises on credit exposure to wholesale, license and concession partners including outstanding receivables and committed transactions. The Group substantially mitigates credit risk through credit insurance, standby letters of credit or supplier finance arrangements when possible.

Wholesale partner receivables risk is mitigated by credit insurance being taken out up to the amount of the credit limit. All new wholesale customers are checked against appropriate trade references and details such as frequency/delinquency. The limits applied to each customer are set in conjunction with our credit insurer's advice. Monitoring of credit limits is undertaken on a daily basis.

All license partners require a standby letter of credit up to the amount of their credit limit, which is determined based on creditworthiness and volume of business. The Group is not able to protect its license partner income with credit insurance, although it does not consider this a significant credit risk. Forecasts are obtained from all its license partners throughout the period to allow extensive visibility of future income.

Certain concession partners operate supplier finance arrangements which allow for early collection of receivable balances. When available, the Group participates in such arrangements thereby reducing risk of any outstanding receivable balances.

No credit limits were exceeded in the reporting period and management will continue with its current approach to credit control to prevent any future losses from non-performance arising.

III) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve (which comprises of the undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. This is generally carried out at entity level in the operating companies of the Group in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, and monitoring balance sheet liquidity ratios against internal and external regulatory requirements. Based on current cash flow projections, the Group expects to have sufficient headroom against its borrowing facilities (see section below for further details on the borrowing facilities).

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

The table below analyses the Group's financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date, at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

	CARRYING AMOUNT	CONTRACTED AMOUNT LESS THAN 1 YEAR	CONTRACTED AMOUNT 1–2 YEARS	CONTRACTED AMOUNT 2–5 YEARS
	£'000	£'000	£'000	£'000
AT 27 JANUARY 2018				
NON-DERIVATIVE FINANCIAL LIABILITIES				
Trade and other payables	74,064	74,064	-	-
Bank overdraft	76,043	76,043	-	-
Term loan	52,500	5,500	4,000	43,000
DERIVATIVE FINANCIAL LIABILITIES				
Derivative financial instruments	3,918	3,437	481	-
AT 28 JANUARY 2017				
NON-DERIVATIVE FINANCIAL LIABILITIES				
Trade and other payables	74,422	74,422	-	-
Bank overdraft	58,074	58,074	-	-
Term loan	58,500	6,000	5,500	47,000
DERIVATIVE FINANCIAL LIABILITIES				
Derivative financial instruments	616	616	-	-

In September 2017, the Group agreed an extension of its multi-currency revolving credit facility. A new agreement was signed on 25 September 2017, increasing the Group's committed borrowing facility from £110.0m to £135.0m expiring in September 2020. This increased facility provides the resources to fund the planned working capital requirements and capital expenditure to support the Group's long-term growth strategy. The new borrowing facility is on the same terms and contains the same covenants as the previous facility. Interest is payable based on LIBOR plus a margin. The Group had utilised £72.9m (2017: £51.5m) of the £135.0m credit facility as at 27 January 2018.

In 2015/16, the Group borrowed £60.0m under a five year Sterling-denominated term credit facility with The Royal Bank of Scotland and Barclays. The facility was used to support the purchase of The Ugly Brown Building. The term loan is amortised over 15 years with refinancing required every five years, with an interest rate based on LIBOR plus a margin and quarterly loan repayments which commenced in December 2016. During the period, £6.0m (2017: £1.5m) was repaid.

The facilities contain financial covenants which are believed to be appropriate in the current economic climate and tested on a quarterly basis. The Group monitors actual and prospective compliance with these on a regular basis.

The financial covenant tests are based upon the following:

- a ratio of total net debt to EBITDA;
- a fixed charge cover ratio; and
- minimum net tangible assets.

The Group, as part of its regular forecasting process, has a forward-looking view of these financial covenant tests and based on current projections there are no indications that any of these covenants will be breached during the term of the agreement. No covenants were breached during the year to 27 January 2018.

E) CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base, defined as total shareholders' equity, totalling £224,050,000 at 27 January 2018 (2017: £210,544,000), so as to maintain investor, creditor and market confidence and to sustain future development of the business.

From time to time the Company purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Group and Company's share option and award programmes. Buy and sell decisions are made on a specific transaction basis by the Board; the Group and Company do not have a defined share buy-back plan.

It is the Board's intention to achieve a dividend cover ratio of two times every year.

There were no changes in the Group and Company's approach to capital management during the period.

24. CASH FLOWS FROM FINANCING ACTIVITIES

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	TERM LOAN	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS
	£'000	£'000	£'000	£'000
AS AT 28 JANUARY 2017	58,500	2,208	9,935	183,774
CHANGES FROM FINANCING CASH FLOWS				
Proceeds from issue of share capital	-	16	552	-
Repayment of borrowings	(6,000)	-	-	-
Dividends paid	-	-	-	(24,553)
TOTAL CHANGES FROM FINANCING CASH FLOWS	(6,000)	16	552	(24,553)
TOTAL EQUITY-RELATED OTHER CHANGES	-	-	-	55,155
AT 27 JANUARY 2018	52,500	2,224	10,487	214,376

25. RELATED PARTIES

The Group considers its Executive and Non-Executive Directors as key management and their compensation therefore comprises a related-party transaction.

Total compensation in respect of key management for the period was as follows:

	52 WEEKS ENDED 27 JANUARY 2018	552 WEEKS ENDED 28 JANUARY 2017
	£'000	£'000
Salaries and short-term benefits	2,852	2,582
Contributions to money purchase pension schemes	54	53
Share-based payment charges	364	427
	3,270	3,062

Directors of the Company and their immediate relatives control 35.2% of the voting shares of the Company.

At 27 January 2018, No Ordinary Designer Label Limited ("NODL"), the main trading company owed Ted Baker Plc £55,232,000 (2017: £51,932,000). NODL was owed £138,911,000 (2017: £136,813,000) from the other subsidiaries within the Group. Transactions between subsidiaries were priced on an arm's length basis.

The Group has a 50% interest in the ordinary share capital of No Ordinary Retail Company Pty*, a company incorporated in Australia, through its wholly owned subsidiary No Ordinary Designer Label Limited. As at 27 January 2018, the joint venture owed £666,000 to the main trading company (2017: £653,000). In the period the value of sales made to the joint venture by the Group was £2,648,000 (2017: £2,696,000).

Ray Kelvin and Lindsay Page are both directors of, and shareholders in, THAT Bournemouth Company Limited*, THAT TopCo Limited* and THAT Bournemouth Big Hotel Limited* and, as such, these entities are related parties of the Company for the purposes of Chapter 11 of the Listing Rules.

Previously the Group provided design services to THAT Bournemouth Company Limited for which licence income fees were charged (2017: £192,000). No services were provided in the year ended 27 January 2018. No amounts were outstanding as at 27 January 2018 (2017: £nil).

During the period the main trading company provided office space to THAT TopCo Limited for which rental charges were made of £122,550 (2017: £34,560) and other miscellaneous charges of £8,946 (2017: £3,446). As at 27 January 2018, THAT TopCo Limited owed £102,418 to the main trading company (2017: £nil).

During the period the main trading company supplied services to THAT Bournemouth Big Hotel Limited for which charges were made of £6,741 (2017: £16,551). As at 27 January 2018, THAT Bournemouth Big Hotel Limited owed £1,849 to the main trading company (2017: £nil).

*The registered office addresses are as follows:

RELATED PARTY	REGISTERED OFFICE ADDRESS
No Ordinary Retail Company Pty	6 Albert St, Preston VIC 3072, Australia
THAT Bournemouth Company Limited	6A St Pancras Way, London, NW1 0TB
THAT TopCo Limited	6A St Pancras Way, London, NW1 0TB
THAT Bournemouth Big Hotel Limited	6A St Pancras Way, London, NW1 0TB

FIVE YEAR SUMMARY

	52 WEEKS ENDED 25 JANUARY 2014	53 WEEKS ENDED 31 JANUARY 2015	52 WEEKS ENDED 30 JANUARY 2016	52 WEEKS ENDED 28 JANUARY 2017	52 WEEKS ENDED 27 JANUARY 2018
	£'000	£'000	£'000	£'000	£'000
RESULTS					
Revenue	321,921	387,564	456,169	530,986	591,670
Operating profit	39,588	49,759	59,369	62,497	70,727
Profit before tax	38,923	48,771	58,664	61,271	68,789
Profit before tax and impairment	39,648	48,771	58,853	61,271	73,322
Profit before tax and exceptional items	39,969	49,452	58,664	65,784	73,465
PROFIT FOR THE PERIOD	28,852	35,850	44,235	46,568	52,744
ASSETS EMPLOYED					
Property, plant and equipment	45,083	51,804	123,397	144,354	139,075
Non-current assets	12,118	20,265	25,615	31,189	40,733
Net current assets	54,863	68,505	82,143	91,852	92,515
Non-current liabilities	-	-	(58,556)	(56,851)	(48,273)
NET ASSETS	112,064	140,574	172,599	210,544	224,050
FINANCED BY					
Shareholders' funds	112,064	140,574	172,599	210,544	224,050
Non-controlling interest	-	-	-	-	-
	112,064	140,574	172,599	210,544	224,050
KEY STATISTICS					
Basic earnings per share	67.2p	82.0p	100.6p	105.7p	119.0p
Adjusted earnings per share	69.0p	83.2p	100.6p	114.0p	127.7p
Diluted earnings per share	66.3p	81.0p	99.3p	104.5p	118.3p
Dividends per share	33.7p	40.3p	47.8p	53.6p	60.1p
Dividend cover	2.0 times	2.0 times	2.1 times	2.0 times	2.0 times
Dividend cover before exceptional costs	2.0 times	2.1 times	2.1 times	2.1 times	2.1 times
Pre-tax return on capital employed before exceptional items	33.9%	32.0%	30.5%	27.3%	26.8%
Post-tax return on capital employed before exceptional items	25.1%	23.5%	23.0%	20.8%	20.6%

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